SEATTLE, WASH., *May 20, 1954.*
Hon. HENRY JACKSON,
United States Senator,
Senate Office Building,
Washington, D. C.:

Understand that Priest Rapids bill has come before Senate and that public hearings may be held regarding it. We are very much interested in seeing this bill acted upon favorably, and if there is an opportunity for us to appear regarding it we would appreciate your making arrangements for our appearance. Please wire collect.

J. FRANK WARD,
Washington State Power Commission.

PUBLIC UTILITY DISTRICT NO. 1,
GRAYS HARBOR COUNTY,
Aberdeen, Wash., June 1, 1954.

Subject: Priest Rapids Dam bill
Hon. HENRY M. JACKSON,
United States Senate Building,
Washington, D. C.

DEAR SENATOR JACKSON: The board of commissioners has requested that I write you relative to the subject matter. They would like you to use your influence to get this bill out of committee before the end of session in order that those public utility districts involved might know whether or not they can proceed to make the necessary engineering investigation and thereby expedite the building of Priest Rapids Dam or dams, whichever might be most feasible.

In other words, it is action we want because at best it will take some time, as you know, to build this dam or dams, and anything that you can do will be very much appreciated.

Yours very truly,
F. J. ROBBINS, *Manager.*

BRIDGEPORT, WASH., *May 27, 1954.*
HENRY M. JACKSON,
United States Senate:

Continuous growth of our area makes it imperative we have a new start on a power project, so please use your influence to pass Senate bill 1793 this session of Congress.

DON B. THOMPSON,
Manager, Public Utility District No. 1 of Douglas County.

ELLENSBURG, WASH., *May 26, 1954.*
Senator HENRY M. JACKSON,
Senate Office Building,
Washington, D. C.:

We urge your full support of the Priest Rapids bill permitting local public power bodies to proceed with construction plans.

PUBLIC UTILITY DISTRICT NO. 1,
KITTITAS COUNTY,
CECIL H. JOHNSON, *President.*

RITZVILLE, WASH., *May 26, 1954.*
Hon. HENRY M. JACKSON,
United States Senator,
Washington, D. C.:

We urge you to vigorously support Senate bill 1793. We feel that an adequate supply of power in this area is vital especially when we are in keeping with the comprehensive river development plan already established.

BIG BEND ELECTRIC COOPERATIVE, INC.,
ROBERT G. KLATT, *Manager.*

LONGVIEW, WASH., *June 15, 1954.*
Hon. HENRY M. JACKSON,
Senate Office Building:

We understand that legislation respecting Priest Rapids Dam now before the Senate committee for action by tomorrow. We urge your continued active support of this legislation. If we can assist, please advise.

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY WASH.,
EARL J. COLE, *President,*
Board of Commissioners.

PUBLIC UTILITY DISTRICT NO. 3,
MASON COUNTY, WASH.,
Shelton, Wash., May 26, 1954.
Hon. HENRY JACKSON,
United States Senate,
Washington, D. C.

DEAR MR. JACKSON: We notice a recent news release indicates that you have about decided to withdraw your support permitting Grant County Public Utility District, along with several other public utility districts, to develop the Priest Rapids power project.

We are one of the counties which has joined with Grant County in this proposed project simply because we realize fully the urgent need for additional generation and transmission in the Northwest.

We would much prefer that the Federal Government continue to build these large dams, which would further increase the income they now receive from their existing Northwest grid system, and permit them to adequately supply the impartial service regionwide which only the Federal Government can do.

As a user of federally generated power, upon which we are entirely dependent in our county, we urge that if the Federal Government plans to continue to build these large dams that they quit dragging their feet and make another new start this year.

Very truly yours,
C. M. DANIELSON, *Manager.*
EARL A. CARR, *President.*
JACK A. COLE, *Vice President.*
T. W. WEBB, *Secretary.*

Whereas the power situation in the Pacific Northwest is critical and will remain so for several years to come unless new hydro projects can be gotten underway soon; and

Whereas demands on Congress for funds for national defense and for other matters of extreme national emergency so that continued Federal appropriations for such Northwest hydro projects are not available in sufficient amounts to meet all area needs; and

Whereas local undertaking of such projects is desirable and is consistent with announced Federal administration policies and partnerships; and

Whereas the Senate has before it a bill, H. R. 7664, to deauthorize the Priest Rapids project so that it might be built by public agencies within the State of Washington; and

Whereas the said bill has been passed by the House and further action by the Senate is necessary to avoid a delay of a year or more, if not acted upon during this session of Congress: Now, therefore, be it

Resolved by the Town Council of the Town of Cashmere, That the recent action of the Association of Washington Cities be approved, and that we urge the Senators of the State of Washington and the United States Senate to expedite in every way possible favorable action on the deauthorization of the Priest Rapids project located on the Columbia River in Grant County, Wash.

TOWN OF CASHMERE,
EARL BARNES, *Acting Clerk.*

Mr. MORSE. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Washington has put the communications into the RECORD. Representations were made before the Public Works Committee that similar communications existed. However, that does not surprise me. I only ask the question, What does it prove? It does not prove that what is proposed is best for the country or for the area; it only proves that a job has been done by way of convincing these people that it is the only way in which they are going to get additional power. I say what we ought to do is point out the disadvantages of getting power in that manner, and hold fast to the Federal power program.

Mr. MAGNUSON. I shall finish my remarks with a brief statement. The Senator from Oregon has sat with me in meeting after meeting when we agreed with the sentiment expressed by him. If cheap power cannot be produced in the manner being proposed, the facility will not be built. If it can be done, I say more power to them, to use a common expression. I care not whether the Federal Government, or public power utilities, or private utilities, build the dams, so long as the people get cheap power. If cheap power is not obtained by that method, I suppose that the Senator from Oregon and I can tell the persons interested that what we have said to them on many occasions turned out to be right. However, they want the opportunity to construct the project. Perhaps they may surprise us; maybe we are wrong and they are right with regard to their ability to do what they propose to do.

Mr. MORSE. I say most respectfully that what I think they are buying is delay, and that eventually it will result in high-cost power.

Mr. MAGNUSON. I am convinced that we are going to have the delay anyway.

RECESS

Mr. BUSH. Mr. President, pursuant to the order previously entered, I now move that the Senate stand in recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 5 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, July 12, 1954, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate July 10 (legislative day of July 2), 1954:

UNITED STATES ATTORNEY

Paul W. Cress, of Oklahoma, to be United States attorney for the western district of Oklahoma, vice Robert E. Shelton, resigned.

SENATE

MONDAY, JULY 12, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Ernest T. Blau, pastor, Gage Park Evangelical Lutheran Church, Chicago, Ill., offered the following prayer:

Almighty and everlasting God, Thou mighty ruler of nations, who dost fashion the hearts of men, and who by Thy teachings hast instilled in us, Thy children, a willingness to follow Thy word: Bless, we beseech Thee, those who guide the destinies of our beloved country in these troublous times; sit in the councils

of our Nation, guide our President and his Cabinet, the Members of the Congress, and all others in authority in their deliberations that they may devise and execute such measures as will serve the restoration and preservation of peace for our land. Grant our leaders strength, wisdom, and courage to do those things which will serve the best interest of the entire Nation and its people.

Make Thy light to shine out into the darkness. Take all Thy children into Thy fatherly care. Graciously protect Thy people and defenders everywhere whose possessions and lives may be endangered.

Almighty God, we make our earnest requests known unto Thee that Thou wilt keep our beloved country in Thy holy protection, that Thou wilt incline the hearts of the citizens to cultivate a spirit of obedience to government, to entertain brotherly affection and love of their fellow citizens of the United States.

Hear these petitions and all that we may ask of Thee, Heavenly Father, in Jesus name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, July 10, 1954, was dispensed with.

LEAVE OF ABSENCE

On request of Mr. JOHNSON of Texas, and by unanimous consent, Mr. DANIEL was excused from attendance on the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ervin	Neely
Barrett	Gillette	Payne
Bowring	Gore	Robertson
Bridges	Green	Saltonstall
Bush	Hayden	Schoeppel
Butler	Hickenlooper	Smith, N. J.
Carlson	Ives	Sparkman
Chavez	Johnson, Tex.	Upton
Clements	Kilgore	Watkins
Cordon	Knowland	Wiley
Crippa	Langer	Young
Dirksen	Lehman	
Dworshak	Mansfield	

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent on official business. The Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Misssouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Texas [Mr. DANIEL] is absent by leave of the Senate.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan American Highway Congress at Caracas, Venezuela.

The PRESIDENT pro tempore. A quorum is not present.

Mr. KNOWLAND. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BENNETT, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. COOPER, Mr. DUFF, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. GOLDWATER, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KUCHEL, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. POTTER, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. STENNIS, Mr. SYMINGTON, Mr. WELKER, and Mr. WILLIAMS entered the Chamber and answered to their names.

The PRESIDENT pro tempore. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED DEFICIENCY APPROPRIATIONS, LEGISLATIVE BRANCH (S. Doc. No. 133)

A communication from the President of the United States, transmitting proposed deficiency appropriations, in the amount of $105,000, for the legislative branch, fiscal year 1954 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, FEDERAL POWER COMMISSION (S. Doc. No. 132)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1955, in the amount of $300,000, for the Federal Power Commission (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REPORTS ON OVEROBLIGATION OF APPROPRIATIONS

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, copies of 17 separate reports relating to overobligation of appropriations in the Department of Defense (with accompanying papers); to the Committee on Appropriations.

PROTECTION OF NAME OF FEDERAL BUREAU OF INVESTIGATION FROM COMMERCIAL EXPLOITATION

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation (with an accompanying paper); to the Committee on the Judiciary.

REPRESENTATIONAL ACTIVITIES OF FORMER FEDERAL EMPLOYEES

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 284 of title 18 of the United States Code relating to representational activities of former employees (with accompanying papers); to the Committee on the Judiciary.

REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES, FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D. C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission as of May 31, 1954 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

AUDIT REPORT ON PANAMA CANAL COMPANY AND CANAL ZONE GOVERNMENT

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Panama Canal Company and the Canal Zone Government, for the year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Southern Oregon Chapter, No. 134, National Association of Retired Civil Employees, at Medford, Oreg., relating to increased annuities of retired civil employees; to the Committee on Post Office and Civil Service.

Resolution adopted by the Black Hawk County CIO Industrial Union Council, Waterloo, Iowa, favoring the enactment of Senate bill 3553 and House bill 9430, relating to Federal unemployment-compensation standards; to the Committee on Finance.

IMPLEMENTATION OF UNIVERSAL COPYRIGHT CONVENTION

Mr. WILEY. Mr. President, I earnestly trust that this week Senate bill 2559, to implement the Universal Copyright Convention, will be reported favorably from the Senate Judiciary Committee.

The overwhelming ratification by the Senate of the convention itself has come as good news to the people of the United States and of foreign lands. It is essential that the enabling bill now be enacted to bring the convention into force.

I have received messages from a great variety of distinguished Americans and organizations urging enactment of the bill. I send to the desk a sample of the

many messages, as well as a favorable Milwaukee Journal editorial, which I have noted. These communications come from a variety of sources, including Mr. Phillips Temple, of Georgetown University Library; the director of the international editions of the Reader's Digest; the Christian Science Committee on Publication; the Protestant Church-Owned Publishers' Association; the New York Times; and the McGraw-Hill Book Co.

I ask unanimous consent that they be printed at this point in the body of the RECORD and thereafter be appropriately referred to the Senate Judiciary Committee.

There being no objection, the messages and editorial were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

MUSIC PUBLISHERS' ASSOCIATION
OF THE UNITED STATES,
Boston, Mass., June 30, 1954.

Hon. ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: We know that the members of our Music Publishers' Association, which includes nearly all the standard music publishers of America, will be delighted to learn that the Senate has now ratified the Universal Copyright Convention.

In view of the almost unanimous vote in favor of ratification, it would seem likely that despite the last month rush, the Senate will find time to give favorable action to the implementing bill (S. 2559). We certainly hope that the ratification will be given the necessary legislative support.

On behalf of the members of our association I should like to express to you our gratitude for your favorable consideration which has helped to bring about the ratification.

Cordially,

DONALD F. MALIN,
Secretary.

WASHINGTON, D. C., *July 1, 1954.*

Senator ALEXANDER WILEY,
Senate Office Building:

Gratified by Senate action on Universal Copyright Convention. Urge early action in Senate Judiciary Committee on Langer implementing bill. Appreciate your leadership on these important measures.

PHILLIPS TEMPLE,
Georgetown University Library
(For Catholic Library Association).

PLEASANTVILLE, N. Y., *July 1, 1954.*

Senator ALEXANDER WILEY,
Senate Office Building:

The speedy action which was taken by the Senate earlier this week in ratifying the Universal Copyright Convention makes me hope your committee will report favorably on S. 2559. At the April 8 hearings I testified on behalf of Reader's Digest in favor of the Universal Copyright Convention and implementing legislation. May I now reaffirm to you Reader's Digest's strong support of the convention and implementing legislation. This convention will significantly improve international copyright protection. Thereby it will aid all American publications with international circulations in their efforts to spread a better understanding abroad of American ideals and way of life. Your personal efforts on behalf of the convention and your vote in favor of S. 2559 will be a great aid to all American authors and publishers.

BARCLAY ACHESON,
Director of International Editions,
Reader's Digest.

CHRISTIAN SCIENCE COMMITTEE
ON PUBLICATION OF THE FIRST
CHURCH OF CHRIST, SCIENTIST,
IN BOSTON, MASS.,
Washington, D. C., June 30, 1954.

Hon. ALEXANDER WILEY,
Judiciary Committee,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILEY: We continue to strongly support the Universal Copyright Convention and the enabling legislation, S. 2559.

In view of the discussion which took place in the Senate yesterday we wish to reaffirm our position and again express our hope that S. 2559 will be reported out favorably by the committee in time for action to be taken by both the Senate and the House during the present session of Congress.

We shall be grateful for whatever help you can give in this matter.

Sincerely yours,

JAMES WATT,
Manager, Washington, D. C., Office.

PROTESTANT CHURCH-OWNED
PUBLISHERS' ASSOCIATION,
Philadelphia, Pa., July 1, 1954.

The Honorable ALEXANDER WILEY,
Senate Office Building,
Washington, D. C

DEAR SENATOR WILEY: On behalf of the members of this association I ask your support of the Langer bill, S. 2559, providing for a universal copyright convention.

Our industry feels that the adoption of a universal copyright convention is long overdue; that better international relations will be brought about by the passage of the measure and that certainly no disadvantage can accrue to any segment of the American people by such action.

Your past interest in this matter is much appreciated. If now you exert your leadership to pass this legislation, we believe only good should come of it.

Respectfully yours,

GORDON A. GRANT,
Executive Secretary.

THE NEW YORK TIMES,
New York, July 1, 1954.

Senator ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: As a member of the national committee for the universal copyright convention, I am taking the liberty of writing to you, urging you to take favorable action on the Langer bill (S. 2559), the purpose of which is to implement the universal copyright convention.

I am sure that you realize how important the convention and its implementation are to the welfare of American writers, publishers, and broadcasters.

Sincerely yours,

ELLIOTT M. SANGER.

NEW YORK, N. Y., *July 2, 1954.*

Senator ALEXANDER WILEY, *of Wisconsin,*
Senate Office Building,
Washington, D. C.:

Urge favorable action on Langer bill to implement universal copyright convention. Bill does not discriminate against American authors, publishers, and printing trades' workers and permits larger international exchange of advanced texts and treaties that are of great importance to American science and technology.

CURTIS G. BENJAMIN,
President, McGraw-Hill Book Co.

UNITED STATES LAGS IN COPYRIGHT TERMS

Surprisingly, the world's greatest nation has never set its international house in order in one presumably routine but important respect—reciprocal copyright protection. The administration is now urging Congress to tidy up.

Not approving its terms, the United States does not belong to the existing world copyright union, the so-called Berne Union of 1886. A complex network of treaties with individual countries only partially fills the gap in protecting the property rights of our writers, composers, and artists in their works wherever published.

American publishers must additionally protect themselves in Berne Union countries by a device most unflattering to this Nation. They put a book, for example, on sale in Canada, a union member, at the same time as in the States, and then claim protection for it elsewhere as a Canadian publication. This is a precarious reliance, for it is only by courtesy that the device is recognized, and the recognition could be withdrawn overnight.

A new universal copyright convention, primarily designed to meet United States objections, has finally been negotiated by 40 countries. President Eisenhower submitted it to the Senate for ratification last June, and it now resides in the Foreign Relations Committee, headed by Wisconsin's Senator WILEY.

The treaty naturally requires domestic laws to harmonize with its terms. Bills to accomplish this have been in both the Senate and House Judiciary Committees since last summer, and hearings have just been held this month on the Senate bill, before a subcommittee also headed by WILEY.

The treaty and implementing legislation have overwhelming support. Even the Book Manufacturers' Institute, which formerly feared a flood of foreign-made books, has come around. But the value of the measures must still be pressed over the opposition of one group—the AFL typographical unions.

Prior to the last two decades the United States was a larger book importer than exporter. Since 1891 it has denied copyright protection here to foreign books printed in English unless wholly manufactured here. Not only is this provision obsolete and a mere irritation, but also it obviously bars the way to complying with the treaty. The pending bills would remove it.

The printing trade unions profess to see a threat to the jobs of some of their members if books in English can be printed abroad and still get copyright protection here. It seems clear, however, that this could not conceivably involve more than half of 1 percent of our bookmaking industry, and a far tinier fraction of our total printing industry.

Actually, American efficiency makes it cheaper to print books here anyway, as most foreign publishers now do with Bibles and classics even though they are not subject to copyright. Also, it is impracticable to wait for additional print orders from abroad to meet American market demands.

The fast-growing American printing industry will speedily absorb any possible impact, imperceptible at most, from the treaty and the change in the law. And the United States, as a huge exporter of creative works, has everything to gain from putting its world copyright affairs in order.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BARRETT, from the Committee on Interior and Insular Affairs:

H. R. 4721. A bill to provide that the excess-land provisions of the Federal reclamation laws shall not apply to lands in the Owl Creek unit of the Missouri Basin project; without amendment (Rept. No. 1790).

By Mr. CORDON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 7466. A bill to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colo., and for other purposes (Rept. No. 1796); and

H. R. 8027. A bill to amend the act of March 6, 1952 (66 Stat. 16), to extend the time during which the Secretary of the Interior may enter into mandatory repayment contracts under the Federal reclamation laws, and for other purposes (Rept. No. 1795).

By Mr. WATKINS, from the Committee on Interior and Insular Affairs:

H. R. 8026. A bill to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws; without amendment (Rept. No. 1791).

By Mr. DWORSHAK, from the Committee on Interior and Insular Affairs:

H. R. 6786. A bill authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho; without amendment (Rept. No. 1797).

By Mr. MILLIKIN, from the Committee on Finance, without amendment:

H. R. 8983. A bill to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla. (Rept. No. 1792); and

H. R. 9709. A bill to extend and improve the unemployment-compensation program (Rept. No. 1794).

By Mr. BENNETT, from the Committee on Finance:

S. 3561. A bill authorizing the Administrator of Veterans' Affairs to convey certain property to the armory board, State of Utah; with an amendment (Rept. No. 1793).

VOLUNTARY PREPAYMENT METHOD IN PROVISION OF PERSONAL HEALTH SERVICES—REPORT OF A COMMITTEE

Mr. PURTELL. Mr. President, from the Committee on Labor and Public Welfare, I report favorably, with amendments, the bill (S. 3114) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal-health services, and I submit a report (No. 1798) thereon.

This bill provides for the establishment of a Federal reinsurance service to encourage voluntary prepayment health-insurance plans to offer broader protection to more people. The establishment of such a reinsurance program was recommended by President Eisenhower in his special health message on January 18, 1954. This was one of several recommendations intended to foster improvement in the health facilities and services available to the American people. The Committee on Labor and Public Welfare previously has reported, and the Senate has approved, H. R. 8149, which broadens the Hospital Survey and Construction Act, and S. 2759, which expands and improves our rehabilitation services for the disabled, both of which were also recommended by the President.

In regard to the bill, S. 3114, which I am reporting today, I am advised that certain Committee members who desired to submit supplemental views have not completed their statements. Accordingly, I ask unanimous consent that permission be granted for submitting of such supplemental views not later than tomorrow, Tuesday, July 13, 1954, and that such views be printed as a part of the report.

The PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar, and, without objection, the supplemental views will be received and printed as requested by the Senator from Connecticut.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of New Jersey:

S. 3730. A bill for the relief of the Geo. D. Emery Co.; to the Committee on the Judiciary.

By Mr. IVES:

S. 3731. A bill to establish a Commission on Programs for the Aging; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. IVES when he introduced the above bill, which appear under a separate heading.)

By Mr. BUTLER (for himself and Mr. MAGNUSON) (by request):

S. 3732. A bill to amend the Merchant Ship Sales Act of 1946 in order to authorize the chartering for domestic trade under section 5 (e) of war-built passenger vessels; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. BYRD:

S. 3733. A bill for the relief of Miss Young Hi Yun; and

S. 3734. A bill for the relief of Tai Sung Chung; to the Committee on the Judiciary.

By Mr. MORSE:

S. 3735. A bill for the relief of Tomas Gumtang Subia; to the Committee on the Judiciary.

COMMISSION ON PROGRAMS FOR THE AGING

Mr. IVES. Mr. President, I introduce for appropriate reference a bill to establish a Commission on Programs for the Aging. The bill would authorize the establishment of a Commission to study and investigate the serious problems stemming from the increased proportion of aging persons in the Nation's population. Today a large segment of our population consists of individuals who have reached retirement age and who are in dire need of assistance to insure their continued physical and mental well-being. The mere increase in custodial facilities is not a final solution except for those of the aged who, by reason of physical and mental infirmity, require institutional care. The greater number of aging persons need programs which will assure their continued interest and participation in the life of the community in which they live.

The Commission, which would be established by this bill, would be required to submit to the President for transmittal to the Congress its findings and recommendations for legislative action based upon its study and investigation of the efforts now being made through various programs to resolve the problems of aging persons. The Commission would be required to submit its final report to the President not later than July 1, 1955.

Mr. President, I ask unanimous consent that the bill be printed in the body of the RECORD following these remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, it will be printed in the RECORD, as requested by the Senator from New York.

The bill (S. 3731) to establish a Commission on Programs for the Aging, introduced by Mr. IVES, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

DECLARATION OF FINDINGS

SECTION 1. The Congress hereby finds that one of the Nation's great domestic problems is that of its rapidly growing aging population. The increasing proportion of aging people in the population has overtaxed facilities and resources, adequate when created, but now outmoded. Because of arbitrary retirement ages in industry many able-bodied men and women are thrown suddenly upon their own financial and mental resources which too often prove to be insufficient for their needs in daily life. A large segment of the population consists of persons subject to rapid physical and mental deterioration, feelings of loneliness, uselessness, frustration, and detachment from community life. There is overcrowding of institutions, clinics, and general and mental hospitals. There is an ever-increasing number of persons seeking care in such facilities.

The Nation's aging are entitled not only to support and care in their declining years but to a well-rounded and satisfying life as members of their communities. The mere increase in custodial facilities is not a final solution, except for those of the aged who, by reason of chronic physical or mental infirmity, require institutional care. A more practical as well as a more constructive approach to the problems of the aging requires the creation and expansion of facilities for their care and supervision outside of institutions and, as far as possible, in a normal community environment designed to encourage their continued interest and participation in the life of the community. Such programs are required to replace outmoded custodial methods of caring for the elderly. Such programs would include provision for medical and nursing care in the home, foster family home facilities, and recreation centers, with institutional facilities reserved for those who are, or become, chronically ill. In view of the rapidly mounting costs of institutional care, such home care and recreational programs would also afford a means of providing more appropriate and more desirable care at lower cost.

There is need for a coordinated study of the problems of the aging to the end that these problems may be clearly defined and suitable programs developed.

COMMISSION ON PROGRAMS FOR THE AGING

SEC. 2. (a) There is hereby established a commission to be known as the Commission on Programs for the Aging, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) The Secretary of Health, Education, and Welfare, or his designee;

(2) Fourteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission: *Provided*, That not more than

eight of the members appointed by the President shall be members of the same political party;

(3) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(4) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) In view of the findings expressed in section 1 of this act the Commission shall study and investigate problems stemming from the increasing proportion of aging persons in the Nation's population, and remedial measures including but not restricted to care and services in the home, use of foster home facilities, recreation centers, and provision of institutional facilities for the chronically ill.

(b) The Commission, not later than July 1, 1955, shall submit to the President for transmittal to Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission, or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any persons designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192–194), shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this section.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There is hereby authorized to be appropriated for the use of the Commission such sums, not to exceed $250,000 as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive $50 per diem when engaged in the performance of duties vested in the Commission such sums, not to exceed $250,000, as paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation at not to exceed $15,000 per annum of a Director, who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this act, the Commission shall cease to exist.

CHARTER OF GOVERNMENT-OWNED PASSENGER VESSELS FOR DOMESTIC TRADE

Mr. BUTLER. Mr. President, at the request of representatives of the Hawaiian Steamship Co., on behalf of myself and the Senator from Washington [Mr. MAGNUSON], I introduce for appropriate reference a bill which would authorize the Secretary of Commerce to charter Government-owned passenger vessels for use in the domestic trade.

I ask unanimous consent that a statement by me, together with a memorandum submitted by the Hawaiian Steamship Co. be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement and memorandum will be printed in the RECORD.

The bill (S. 3732) to amend the Merchant Ship Sales Act of 1946 in order to authorize the chartering for domestic trade under section 5 (e) of war-built passenger vessels, introduced by Mr. BUTLER (for himself and Mr. MAGNUSON), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement by Mr. BUTLER is as follows:

STATEMENT BY SENATOR BUTLER

The Hawaiian Steamship Co. desires to charter the *La Guardia* for tourist-type passenger trade between San Francisco and Hawaii.

Representatives of the Hawaiian Steamship Co. have assured me that they already have obtained informal approval and clearance of this bill from all potentially interested parties and Government agencies.

On that basis, and in spite of the session's late hour, I have agreed to introduce the bill. Furthermore, in the assumption that the bill will be referred to our Water Transportation Subcommittee, I have scheduled a public hearing for Friday, July 16, in room G–16 at 10:30 a. m. All known interested parties and Government agencies will today be sent copies of the bill, my present remarks and invitations to attend and testify or to submit written statements for the record.

In addition to the usual public notice, the following are being sent individual invitations:

1. The Secretary of Commerce.
2. The Under Secretary of Commerce for Transportation.
3. The Maritime Administrator.
4. The Secretary of Defense.
5. The Secretary of the Navy.
6. The Comptroller General.
7. The Attorney General.
8. Directors, Bureau of the Budget.
9. The Shipbuilders Council of America.
10. Conference of American Maritime Unions.
11. CIO, Industrial Union of Marine and Shipbuilding Workers of America.
12. Metal Trades Department, American Federation of Labor.
13. Matson Navigation Co.
14. American President Lines.
15. American Merchant Marine Institute.
16. Committee of American Steamship Lines.
17. Pacific American Steamship Association.
18. Association of American Shipowners.
19. American Tramp Shipowners Association.

Perhaps those who testify on the bill would like to comment on it.

The memorandum referred to is as follows:

MEMORANDUM SUBMITTED BY HAWAIIAN STEAMSHIP CO.

The present bill would amend section 5 (e) (1), Merchant Ship Sales Act, 1946, as amended to make clear the authority of the Secretary of Commerce, after hearing and recommendation by the Federal Maritime Board, to charter passenger vessels on bareboat terms in the domestic trades.

As section 5 read, before it was amended by Public Law 591, 81st Congress, it clearly permitted such charters of passenger vessels in the foreign and domestic trades. Section 5 (a) reads:

"Any citizen of the United States * * * may make application to the Commission to charter a war-built dry-cargo vessel, under the jurisdiction and control of the Commission, for bareboat use."

The expression "war-built dry-cargo vessel" clearly included passenger vessels, since section 5 (b), which fixes the rate of charter hire for vessels that may be chartered under the act, had a special provision fixing the rate "in the case of vessels having passenger accommodations for not less than 80 passengers." Furthermore, the expression dry-cargo vessel as used in section 3 (d) of the act plainly included passenger vessels, because in providing for adjustments in the statutory sales price of vessels sold under the act, the section read:

"No adjustment, except in respect to passenger vessels constructed before January 1, 1941, shall be made under this act which will result in a statutory sales price which (1) in the case of dry-cargo vessels (except Liberty-type vessels) will be less than 35 percent of the domestic war cost of vessels of the same type, (2) in the case of any Liberty-type vessel will be less than 31½ percent of the domestic war cost of the vessels of such type, or (3) in the case of a tanker will be less than 50 percent of the domestic war cost of tankers of the same type."

The price of passenger vessels was thus to be calculated as for other dry-cargo vessels.

Section 5 (d) of the act indicated that vessels chartered under the section could

engage either in the foreign trade or in the domestic trade.

Thus until 1950, there was no doubt that passenger ships could have been chartered for the domestic trade as well as the foreign. The act of June 30, 1950 (Public Law 591, 81st Cong., 63 Stat. 308), provided for the further chartering of war-built dry-cargo vessels on or after June 30, 1950, for bareboat use in any service which in the opinion of the Federal Maritime Board is required for the public interest and is not adequately served, and for which privately owned American flag vessels are not available for charter by private operators on reasonable conditions and at reasonable rates for use in such service. However, by the same act, subsection (f) was added to section 5:

"(1) Notwithstanding the provisions of sections 11 and 14 of this act, as amended, the Secretary of Commerce may charter any passenger vessel, whether or not war-built, owned by the United States on or after June 30, 1950, pursuant to title VII of the Merchant Marine Act, as amended."

The chartering provisions of title VII of the Merchant Marine Act are limited to essential trade routes determined in accordance with section 211 of the act, and all of these are of course in foreign commerce.

It does not appear from the legislative history of section 5 (f) (1) that Congress deliberately intended to exclude the chartering of passenger vessels in domestic trade. The problem was simply not before the legislative committees. The Maritime Commission report shows that at the time four passenger vessels were being operated under the Ships Sales Act in the Trans-Pacific Service, and the *La Guardia* in the Mediterranean service. Four prewar-built vessels were being chartered under other authority (probably Public Law 101, 77th Cong.). Since the Commission had already decided that the good neighbor ships, *Argentina, Brazil* and *Uruguay*, should be advertised under title VII, the Commission believes that authority should be granted it to charter war-built passenger vessels as well as prewar-built vessels under the terms and conditions of title VII of the 1936 act. (House hearings on H. R. 491, 81st Cong., p. 7.)

The Acting Maritime Administrator in a memorandum dated June 1, 1950 (id., pp. 3 and 4), said:

"The Commission stated on March 15, 1950, that the only authority to charter cargo vessel ships necessary at this time is the very limited authority * * * to charter war-built cargo vessels to meet special needs in foreign and domestic trades which may continue to rise and to charter passenger vessels whether war built or not under title VII of the Merchant Marine Act, 1936. As to charter of passenger vessels (whether war built or not), the Commission believed that it was desirable to handle such operations under the 1936 act inasmuch as it is anticipated that further chartering would be predominantly to provide vessels pending arrangements for placing passenger vessels in permanent service."

The Senate report on the bill S. 3571 said (S. Rept. No. 1783, 81st Cong., p. 5):

"It was further developed that our merchant fleet is drastically short of passenger tonnage. In fact we are far below our prewar position in this important segment of the shipping industry. Four passenger ships are being chartered under the Ship Sales Act of 1946. Four others are being chartered under other authority of law. Although there are six new passenger ships under construction, the testimony indicated we should continue to charter passenger vessels even after the new ships are completed. The demand for passenger accommodations, particularly the large actual and potential demand from the middle-income group, is evidence of this conclusion. The bill (sec. 3) provides that any passenger vessel, war built or nonwar built, may be chartered pursuant to title VII, Merchant Marine Act, 1936, as amended. Title VII requires that the ships be chartered on competitive bids under restrictions which protect the interests of the Government."

The House report dated June 27, 1950, said (H. Rept. No. 2363, 81st Cong., pp. 6 and 7):

"The shortage of passenger vessels in our American-flag merchant marine as commercial adjuncts and suitable for use as military auxiliaries is such that it scarcely needs comment in addition to that stated in the section-by-section analysis of the bill. The United States is far below its prewar position in this important segment of the shipping industry, and, until this portion of our fleet can be substantially built up, it is evident that chartering should continue. Under section 3, it is provided that existing charters of passenger vessels may be continued until December 31, 1951, or until expiration thereof by the terms of their provisions. With respect to new charters, title VII of the Merchant Marine Act of 1936 provides the most suitable standards. Title VII requires that ships be chartered on competitive bids under restrictions which would both fully protect the interest of the Government and prevent competition of Government-owned vessels with privately owned vessels."

It is the general consensus of opinion that it was not intended to exclude domestic chartering of passenger vessels but that it merely appeared at the time that the problem was essentially one concerning the foreign trade.

It is possible to read the statute even as it stands as continuing to permit such charters under section 5 (e). So read, that section would allow domestic chartering after public hearing and would reserve chartering in the foreign trade for proceedings under title VII, including competitive bidding.

The Maritime Legal Office, however, does not feel that such a construction is justified and it has been felt desirable by all parties to seek legislative clarification.

The proposed amendment of section 5 of the Ship Sales Act would do not more than the suggested construction above. The original legislative plan would be restored, still leaving the provisions of the Merchant Marine Act to govern essential trade routes in foreign commerce, but permitting the Secretary of Commerce, after hearing the recommendation by the Federal Maritime Board, to arrange for bareboat charters in domestic commerce in accordance with the provisions of section 5 (e).

The immediate occasion for the amendment is a proposal by the Hawaiian Steamship Co. to charter the steamship *La Guardia* for service in a proposed run between San Francisco and Hawaii. The vessel has been in layup for almost 2 years. The charterers would convert the vessel from a dormitory-type to a superior tourist class with cabins for 2 and 3, such as are thought suitable for the trade. A substantial fixed hire would accrue to the Government as well as a much improved vessel at the end of the charter, which is estimated to run 3 years. The charterer would of course be obliged to qualify in all material respects and there has been no commitment by the Maritime Adminstrator that the particular application would be approved. A full public hearing would intervene before the Federal Maritime Board. All interested maritime organizations have been consulted and have indicated that they do not oppose the proposed amendment.

The conversion of the vessel will involve substantial expenditures in American shipyards, which are at present short of work.

The operation will involve the employment of more than 300 crew members, and is therefore valuable in that direction.

Finally, an important passenger unit will be added to the operating merchant marine, readily available for military use in the event of an emergency and maintained at a high level of current efficiency.

The legislation is needed for immediate use since it is not foreseeable that the project can be left open for an indefinite term of months pending the return of Congress in the next session.

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT NO. 1627, RELATING TO ACCESSIBILITY OF STRATEGIC AND CRITICAL MATERIALS

Mr. MALONE submitted the following resolution (S. Res. 277), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Committee on Interior and Insular Affairs 3,000 additional copies of Senate Report No. 1627, 83d Congress, relative to accessibility of strategic and critical materials to the United States in time of war and for our expanding economy.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAM—AMENDMENTS

Mr. BENNETT submitted amendments, intended to be proposed by him to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, which were referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950—ADDITIONAL COSPONSORS AND REPRINTING OF BILL

Mr. BUTLER. Mr. President, on July 6, I reported a bill from the Committee on the Judiciary, the Senate bill (S. 3706) to amend the Subversive Activities Control Act of 1950, to provide for the determination of the identity of certain Communist-infiltrated organizations, and for other purposes, and asked unanimous consent that the bill bear the names of certain other Senators, in addition to my own, as cosponsors.

The Senators whose names I desired to have included as cosponsors of the bill are the Senator from Nevada [Mr. McCARRAN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Michigan [Mr. FERGUSON], and the Senator from Idaho [Mr. WELKER]. My unanimous consent request was granted, and it was ordered that the names of those Senators be added to the bill, as cosponsors, as I had requested.

I knew at the time that only one Senator may report a bill from committee. I did not ask that the names of additional Senators be added as having reported the bill. I asked that they be added, with my own name, as cosponsors of the bill. The way to do that, of course, is to show the bill as having been introduced by the various cosponsors,

and then reported from committee by me. I thought all that was comprehended in my unanimous consent request.

I was greatly surprised this morning to see that the bill had been printed without the names of the Senators, whose names the Senate had ordered added.

In order to carry out the intent of my original unanimous consent request and the Senate order which resulted, I now ask unanimous consent that the bill (S. 3706) be treated as though it had been introduced by me on July 6 on behalf of myself, the Senator from Nevada [Mr. McCARRAN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Michigan [Mr. FERGUSON], and the Senator from Idaho [Mr. WELKER], and subsequently reported by me from the Committee on the Judiciary; and that the bill be reprinted accordingly, in a star print, bearing the names of these other Senators as well as my own name.

The PRESIDENT pro tempore. Without objection, it is so ordered.

HEARINGS ON INTERNATIONAL OPIUM TREATY

Mr. WILEY. Mr. President, on Saturday morning, July 17, there will be a brief hearing in the United States Courthouse Building, room 110, in New York, on the subject of international opium control through the protocol now pending before the Senate Foreign Relations Committee.

The hearing will be confined to the morning, in order to permit us to return to the Senate in the afternoon.

I send to the desk the text of a release describing the hearing. I ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

SENATOR WILEY ANNOUNCES HEARING ON NARCOTICS PROTOCOL IN NEW YORK, JULY 17

A hearing on an international protocol to curb opium production will be held in New York City in the Federal Building on Saturday morning, July 17, by a three-man Senate Foreign Relations Subcommittee.

Senator ALEXANDER WILEY, Republican, of Wisconsin, chairman of the full Senate Foreign Relations Committee and of the subcommittee, stated, "This protocol is regarded as an important instrument to reduce the cultivation of the poppy plant and wholesale trade in and use of opium. The United States and 35 other nations have signed the protocol. It is the purpose of our subcommittee to consider the background of this and other efforts at international control of dope and to evaluate the specific provisions of this particular agreement."

In forwarding the protocol for Senate ratification, Secretary of State John Foster Dulles had pointed out that, "There is now no legal obligation under (existing) narcotic conventions to * * * limit production of opium. This represents a serious gap in the system of international control since the world's medical and scientific needs for opium could be supplied by approximately 500 tons a year, while present world production of opium is approximately 2,000 tons a year, a considerable part of the excess production of opium flowing into the illicit trade. The present protocol would close this gap with respect to opium."

Testimony on the preparation of the protocol will be submitted by the Honorable Harry J. Anslinger, Commissioner of the United States Narcotics Bureau and United States member on the United Nations Narcotics Commission, and by Assistant Secretary of State for United Nations Affairs, David McKey.

"I believe," continued Senator WILEY, "that in addition to the international aspects, it is important that the American people get further insight into the end results of the dope traffic. It is important that our people be further educated on what it will mean to us unless the traffic is cut off right at the foreign sources. In order to get a brief picture of the dope problem as it is encountered in the United States itself, I have invited certain well-qualified law enforcement officials to testify on this phase. Thus, we will hear short testimony from New York City's commissioner of police, F. H. Adams; from Chief Inspector Stephan P. Kennedy; and from Inspector Peter Terranova, in charge of the narcotics squad. It should be noted that it is in New York that the largest volume of illicit dope in the Nation is encountered, and the New York port is the principal entry point of illicit dope. We will also hear from the Honorable William Tompkins, United States attorney in New Jersey, who is the newly designated assistant attorney general in charge of internal security.

Mr. Rodney Gilbert, former editorial writer for the New York Herald Tribune, who had made a study of Chinese Communist opium production and distribution, will also testify.

The subcommittee's hearing will be confined to the morning hours between 9 a. m. and noon in order that the members, Senator HOMER FERGUSON, Republican, of Michigan; Senator MIKE MANSFIELD, Democrat, of Montana; and Chairman WILEY can return to Washington for work on the Senate floor that afternoon.

The Wisconsin Senator, who is incidentally a former member of the Kefauver Crime Committee, concluded, "Our Foreign Relations Committee is, of course, concerned basically with the international aspects, as such, of the dope traffic. I know, however, that my colleagues feel as I do, that as individual Members of the Senate we should leave no stone unturned in doing whatever we can by way of education and information to help reduce to an absolute minimum United States narcotics addiction. Thanks to the United States Narcotics Bureau, and to State and local officers, a great deal of progress has already been made. America can make still more progress if our people are further apprised of the facts in a sound, unsensational manner. Moreover, on the world scene, the conscience of all free peoples must be further aroused against Communist China's vicious dumping of dope into the world market in seeking to undermine the free nations."

ECHO PARK DAM—RESOLUTION AND EDITORIAL

Mr. WILEY. Mr. President, I was pleased to receive from Mr. Lyle H. Kingston, secretary of the Wisconsin Conservation Congress, an important resolution expressing opposition to the proposed Echo Park Dam. I have previously commented against proposed legislation for such a dam, which would dispoil the Dinosaur National Monument area.

I send to the desk the resolution which expresses the position of delegates from the 71 counties of Wisconsin interested in conservation affairs. I append to it the text of an editorial, which appeared in the Milwaukee Journal, along the same line. I ask unanimous consent that both these items be printed at this point in the body of the CONGRESSIONAL RECORD.

There being no objection, the resolution and editorial were ordered to be printed in the RECORD, as follows:

Whereas the United States Department of the Interior has authorized a series of dams in the upper Colorado Basin to create large and extensive reservoirs of water for hydroelectric and irrigation purposes, and the United States Congress is presently considering this project in bill H. R. 4449; and

Whereas the location for one of these dams, known as Echo Park site, will back water into the Dinosaur National Monument in such a way as to destroy the scenic beauty and basic value of this national park; and

Whereas there are alternative available locations as adequate and economical which can be substituted for the Echo Park site, thereby preserving this valuable national resource for the inspiration of future generations and without upsetting the long-established precept of not permitting such destructive developments in any of the national parks: Now, therefore, be it

Resolved by the 19th Conservation Congress of Wisconsin in convention assembled at Madison this 7th day of June 1954, That the Conservation Congress urge its Representatives in Congress to oppose bill H. R. 4449 so long as the Echo Park dam site is included and to do everything in their power to amend this bill so as to prevent the unnecessary destruction of the Dinosaur National Monument which is a sacred heritage to all citizens of the United States.

RESOLUTIONS COMMITTEE,
LARRY WHIFFEN,
Chairman.

[From the Milwaukee Journal of July 3, 1954]

NO CASE HAS BEEN MADE FOR BUILDING ECHO PARK DAM NOW

The fight over the proposed Echo Park dam, that would flood the scenic canyons which are the chief attraction of 200,000-acre Dinosaur national monument, has reached a showdown on the floor of Congress. Advocates of the vast Federal power and irrigation development in the upper Colorado River Basin, of which Echo Park Dam would be a part, are confident.

The Secretary of the Interior, the President and now the House Interior Committee have all indicated approval of bill H. R. 4449 authorizing the Bureau of Reclamation to spend nearly a billion to get the development started, and to include Echo Park Dam as one of the first units.

Various organizations and interests from all over the country have raised their voices in opposition, or expressed serious doubts that the economics and engineering are sound. Still others insist that a dam at that particular site, to which so many persuasive objections have been raised, isn't essential to the whole project; that dam sites outside the monument would be as good or better.

Former Interior Secretary Chapman said that the Echo Park Dam was one that wasn't necessary. Interior Secretary McKay's own conservation advisory committee named Echo Park Dam as one that should be dropped from the project.

Gen. U. S. Grant III, with 42 years of big dam experience with the Corps of Engineers, strongly supported alternate sites so that magnificent scenic attractions in Dinosaur National Monument could be saved. The National Park Service said that unique natural wonders there would be irreparably impaired by the dam.

Conservationists and many others see Echo Park Dam not only as a threat to those wonders. They fear a foot in the door that

could set a precedent and imperil other national parks.

The case for the upper Colorado project as a whole has appeared to rest almost solely on desires of the thinly scattered population in the immediate area, people who stand to profit from expenditures which may ultimately reach 3 or 4 billions and who won't have to pay but a very tiny part of the cost. The data to support the project has been open to question and has been flatly challenged by men with reputations and data deserving respect.

The case for Echo Park Dam itself has been on still shakier ground. For the Interior Department argument for the dam there, rather than on alternate sites outside the monument, first rested on a prediction that the annual evaporation loss on the Echo Park flowage would be 165,000 acre-feet less. Then the Department red-faced, corrected the estimate to 70,000 acre-feet annually, and finally to 25,000 acre-feet annually. Other testimony, however, indicated one alternative plan would actually save up to 20,000 acre-feet of water annually.

There is certainly no urgent need for irrigation projects that step up agricultural production when farm surpluses are such a problem. Nor has it been shown that there is any urgent need for power from this source—there are others—that justifies haste.

More important, no solid, uncontrovertible justification has been offered for destroying outstanding natural wonders such as found in Dinosaur National Monument, wonders that belong to the people of the Nation as a whole and have been set aside for their perpetual enjoyment.

Those who are urging their Congressmen to vote against H. R. 4449 or similar legislation at this session can be confident they are on solid ground.

CONSTRUCTION OF CERTAIN NAVAL VESSELS

Mr. BUTLER. Mr. President, on June 9 the Senate passed, with amendments, the bill (H. R. 8571) to facilitate the construction of certain naval vessels. This bill, now pending in conference, conforms in every degree with the vital program of ship construction which I have advocated as strenuously as possible. As an illustration of the preparations which have been completed by the Department of the Navy to effectuate the construction of these vessels with an absolute minimum of delay, I ask unanimous consent to have included in the body of the RECORD a letter, dated June 4, 1954, from Rear Adm. W. D. Leggett, Jr., Chief, Bureau of Ships.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE NAVY,
BUREAU OF SHIPS,
Washington, D. C., June 4, 1954.

The Honorable JOHN M. BUTLER,
United States Senate,
Washington, D. C.

MY DEAR SENATOR BUTLER: In a telephone conversation of June 2, 1954, Mr. August J. Bourbon of your office, referred to the act under consideration by the Senate to authorize the Navy to construct mine warfare and patrol vessels (H. R. 8571, passed by the House on May 20, 1954) and requested an estimate of the time that would be required to start construction of these vessels should this bill be approved by the Congress.

As you know, funds must be appropriated by the Congress before this work can be undertaken. The Department of Defense appropriation bill for fiscal 1955 has already passed the House and action by the Senate is expected in the near future. In anticipation of the fiscal appropriation and the vessel authorization, preliminary preparations have been accomplished by the Bureau. A tentative request for apportionment of funds for construction of the mine and patrol craft has already been made. Contract plans and specifications have been prepared. Upon receipt of authority, the Bureau, with a minimum of delay, can negotiate and award the contracts. After award, the contractors can immediately increase their employment to take care of the preliminary planning and material ordering and the actual production work can be started soon thereafter.

Under the foregoing conditions, I believe that it would not be too optimistic to estimate that the mine warfare and escort vessels can be under construction by early fall.

With kindest regards,

Sincerely yours,

W. D. LEGGETT, Jr.,
Rear Admiral, U. S. N. Chief of Bureau.

AGRICULTURAL POLICY

Mr. JOHNSTON of South Carolina. Mr. President, I hold in my hand a copy of a statement made by President Eisenhower at Ottawa, Ill., on September 15, 1952. It reads:

Unless we return these economic responsibilities and activities to the people who have made our country, our citizens, we are going to become more and more dependent upon the will of a bureaucrat in Washington. We will become more and more dependent upon the regulations they issue as to wages, place of work, the kind of crops that the farmer will plant, when he will plant them, and how he will rotate them. If I know anything about the farmers of the United States—and, after all, I was one of them myself—it is that they prize above all else their independence of action.

In the Wall Street Journal of July 9, 1954, there appeared an article entitled "Farm Kibitzing." The subheads read: "Federal Advisers Will Offer Individual Farmer Master Plan for Living—They'll Cover Fertilizer Use, Pest Killing, Bookkeeping, Even Raising Children—One Aim: Curb Overplanting."

The article goes on to say:

Sometime this summer Mr. Benson will pass the word for hundreds of Agriculture Department agents to set out in scattered parts of the country, spreading the gospel of planned farming. Precise details haven't been worked out. But the outlines of the scheme—billed as a "dynamic new program"—are contained in a confidential document currently circulating in upper echelons of the Agriculture Department. Officials say the idea is this:

A Government man will call on farmers at their homes and offer to work out a carefully planned system of farming for the entire farm unit. The whole idea is voluntary; if farmers accept, they will start, with the help of the Government agent, to make a complete inventory of their resources—land, money, and manpower.

They will consider, too, all the off-farm influences, such as national-price programs, the economic outlook in the United States and abroad, export trends. Then they will make up a plan, setting goals not only for farm output, but also for "family satisfactions."

The plan will aim to include answers to questions like these: What crops to plant and in what quantity; what fertilizer to use; how to deal with farm pests; what repairs to make on farm buildings or machinery and how to raise the necessary money; how to keep books and pay taxes; how much profit a farmer should make to be able to afford to redecorate the front parlor or buy a television set or a new refrigerator.

Mr. President, I ask that this article be printed in the body of the RECORD immediately following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM KIBITZING—FEDERAL ADVISERS WILL OFFER INDIVIDUAL FARMER MASTER PLAN FOR LIVING—THEY'LL COVER FERTILIZER USE, PEST KILLING, BOOKKEEPING, EVEN RAISING CHILDREN—ONE AIM: CURB OVERPLANTING

(By Lester Tanzer)

WASHINGTON.—Federal farm boss Benson has whipped up a new kind of Federal aid program for farmers. The key ingredient is not taxpayers' dollars but advice—on every subject from irrigation to raising children.

The Republican Secretary of Agriculture thinks mechanical contraptions, soil conservation, insecticides, Federal price supports and planting restrictions have overly complicated rural living. What the modern-day farmer needs, he figures, is a complete master plan, worked out down to the last detail for each farmer with the help of a Government agent dispatched to his doorstep.

SPREADING THE GOSPEL

Sometime this summer Mr. Benson will pass the word for hundreds of Agriculture Department agents to set out in scattered parts of the country, spreading the gospel of planned farming. Precise details haven't been worked out. But the outlines of the scheme—billed as a dynamic new program—are contained in a confidential document currently circulating in upper echelons of the Agriculture Department. Officials say the idea is this:

A Government man will call on farmers at their homes, and offer to work out a carefully planned system of farming for the entire farm unit. The whole idea is voluntary; if farmers accept, they'll start, with the help of the Government agent, to make a complete inventory of their resources—land, money, and manpower.

They'll consider, too, all the off-farm influences, such as national price support programs, the economic outlook in the United States and abroad, export trends. Then they'll make up a plan, setting goals not only for farm output but also for family satisfactions.

REDECORATING ANSWERS

The plan will aim to include answers to questions like these: What crops to plant and in what quantity; what fertilizer to use; how to deal with farm pests; what repairs to make on farm buildings or machinery and how to raise the necessary money; to keep books and pay taxes; how much profit a farmer should make to be able to afford to redecorate the front parlor or buy a television set or a new refrigerator.

The aim, according to the outline drawn up by Mr. Benson's aides, is a plan "through which the farm family can coordinate the use of various farm and home practices to achieve efficient production, high net income, the improvement of soil productivity, and better living condition for the entire farm family."

If this sounds like more Federal meddling in rural affairs, the aim is professed to be just the opposite. Mr. Benson's real objective is to hasten the day when farmers will be able to get along without so much Federal price-support aid and without stringent planting curbs. He favors a gradual trimming of price-support levels and increasingly tighter planting controls until record farm gluts have begun to shrink. Meantime, the idea is that if farmers do their planning with a Government expert looking over their

shoulder they'll be less likely to overplan crops already in abundance.

The basic aim, officials argue, requires broader planning than it implies. Thus an agent might advise a farmer to shift land from barley to tomatoes, if he wants to make enough money to buy the freezer his wife is pleading for. Raising tomatoes, the agent might add, might mean making Junior work on the farm in the summer instead of taking a job in town.

Going a bit further, some of the new agents will be women, who are expected to give tips on latest developments in child psychology. They'll also encourage participation in 4–H Club activities.

A MODEST START

The program will begin an a modest scale. To finance it for the fiscal year that started last week, Mr. Benson wrung an extra $8.3 million from Congress in appropriations for the Agricultural Extension Service, a farmer education program run jointly by the Federal Government and the State farm agencies. Working through the extension setup, Mr. Benson will use the extra money to hire 1,000 new county agents and about two dozen Washington policymakers to push the planned farming scheme.

With this task force, Mr. Benson guesses he'll reach only a fraction of the farming population. But if the plan is successful, he's prepared to ask Congress next year for more money to expand his efforts. Also, the 1,000 new agents will be busy indoctrinating the 12,500 county agents now on the Federal-State payroll so that they, too, can push farm planning.

The new agents will be divided up among the States. It will be up to each State to decide how they'll be used. Some States may decide to blanket a couple of pilot counties with enough agents to reach every farmer that's interested in farm planning. Others may decide to distribute a few farm plan salesmen in each county to work with a handful of farmers.

PAMPHLETS, RADIO, TV

Dispensing advice to farmers is not, of course, a new chore for the Agriculture Department. The Extension Service uses pamphlets, radio and television, and group meetings to bring to rural folk all kinds of information on farm matters, most of it gathered by Agriculture Department researchers and experts at land grant colleges throughout the country. This service is paid for partly by the Federal Government, partly by the States, and partly by counties.

The trouble with all this, as Mr. Benson sees it, is that it's too indirect and impersonal. He argues, too, that the present setup covers only special topics, without attempting to wrap up all the problems of running a farm into one neat package. That's the aim of the new program for "complete farm and home development," as it's referred to in the policy document now making the rounds of Agriculture Department offices.

The Department plans to go right on for a while "educating" farmers through mass media like radio and group discussions. But after a year of so, the idea is to shift toward ever-greater emphasis on the personal approach now about to begin.

FAMILY FARM THE TARGET

The Department's new program is designed primarily for family farms, those on which the family does the major share of work. Family farms make up the big majority of the 5.5 million farms in the country and turn out over 70 percent of all the agricultural goods sold. The outline of the new program notes:

"On a family farm, the farm business and the home are inseparable. Decisions made on the farm must consider both the effect on the farm operations and on the farm family. This is not true for most other types of business. It is for this reason that the farmer and his family must plan together."

Mr. Benson's aides are sure their scheme will work. It's been tried experimentally in a couple of States with success. A study made in Vermont, according to the Department, showed the income of a dozen farms with intensive Government planning aid was triple that of 12 farms that operated without "master plans."

Will farmers accept Mr. Benson's offer? The Department expects a heap of resistance from individual farmers. One farm expert claims the people who have usually gone in for Federal help in a big way are those who have been most amenable to Government suggestions. It's the more conservative rural citizens the Department hopes to reach with its new project.

Mr. Benson isn't inclined to force any scheme down farmers' throats. So his minions have orders to go about their business with some degree of subtlety. The Federal planners offer this advice to the agents: "Stress in all activities the relationship of what is being presented to the other decisions and activities relating to the individual farm and home situation, and the interdependence of each decision and action on all the others."

Mr. JOHNSTON of South Carolina. Mr. President, the foregoing news release stating how Secretary Benson intends to regiment the farmers of this Nation in my opinion clearly contradicts what President Eisenhower had to say at Ottawa, Ill., on September 15, 1952, when he warned against just the thing that Mr. Benson is doing at the present time. The question is "Does President Eisenhower know what his Secretary, Mr. Benson, is doing?"

CONCERT ON CAPITOL STEPS BY HIGH SCHOOL BAND OF BREAUX BRIDGE, LA.

Mr. LONG. Mr. President, I wish to record my gratification and pleasure upon the splendid performance on the steps and grounds of the Capitol earlier today by the excellent band from the high school at Breaux Bridge, La.

This band is a superb example of the widespread growth throughout the country of the instruction of our youth, through actual participation in musical organizations.

This band in particular has an outstanding record of achievement. For the past 4 years it has been rated superior in marching by the annual Louisiana State Music Festival, and for the past 3 years has been rated superior in concert playing and sight reading.

Although Breaux Bridge has a population of only approximately 2,500 people, the community support of this band is strikingly illustrated by the fact that $12,000 was raised through contributions to support the trip, which made it possible for the band to be here in Washington.

The primary purpose of the current trip was to respond to an invitation to appear and to perform in New York at the annual convention of Lions International. It was given the special distinction of being invited to open the convention program at Madison Square Garden on Wednesday, July 7.

Not only has the band, as an organization, received wide recognition and popular acclaim, but many of its individual members have received well-deserved recognition as soloists and instrumentalists. Each year for the past several years about 20 of its 67 members have received the rating of superior as soloists and for ensemble work at the annual Louisiana State Music Festival.

Especially in southwest Louisiana this organization contributes regularly to the success of many important public occasions. It plays regularly at the Shrimp, and Sugarcane, the Rice, the Dairy, and the Yambilee Festivals. Quite recently, also it was one of the outstanding organizations which participated in the Sesquirama in New Orleans, celebrating the 150th anniversary of the Louisiana Purchase.

Although this fine organization could not exist without the support and assistance of virtually the entire community, special credit is due to the principal of the Breaux Bridge High School, Mr. Leo Delahousaye, and Mr. Harry Greig, the director of the music department of the high school. Both of these fine gentlemen are accompanying the band on its present tour.

The personnel of the band and those accompanying it are as follows:

The band members are Betty Delhomme, Patricia Balch, Roberta Webre, Jeanelle Gauthier, Shirley Guidry, Beverly Hebert, Jean Nell Broussard, Rebecca Cormier, Joan Guidry, Jo Ann Ketelers, Elaine Pellerin, Patricia Patin, Barbara Broussard, Edward Domingue, Glenda Landry, Gloria Patin, Elizabeth Latiolais, Joy Conrad, Gaynell Guidry, Lydia Rose Guidry, Elaine Mason, Dolores Barnes, Tommy Balch, June Cormier, Mike Morrogh, Emily Hebert, Kerny Broussard, Dickie Hebert, Jeanette Pellerin, Larry Thibodeaux, James Domingue, Donna Melancon, Dorsy Brasseaux, Dalton Broussard, Roland Guidry, Vienna Mae Marks, Horace Guidry, Ray Pellerin, A. P. Dupuis, Dianna Melancon, Curtis Guidry, Betty Jo Young, Jo Jo Guidry, Yvonne Thibodeaux, Jerome Mouton, J. C. Tabor, Burnell Martin, Clifford Hebert, Jason Dupuis, Rufus Hebert, Clifford Mouton, Edwin Hebert, Patsy Green, Faye Guidry, Richard Broussard, Charlene Theriot, P. J. Hebert, Janice Nepveu, Erline Begnaud, Arthur Broussard, Rose Angelle, Irene Delhomme, Judy Thibodeaux, Joan LaRue Hebert, Rochelle Roberts, Dianne Domingue, Russel Peltier.

The chaperones are Mrs. Harry Greig; John Breaux; Earl Hollier; Mr. and Mrs. Frank Guidry; Mrs. Percy Broussard; Mrs. Claude Guidry; Mrs. Felix Pellerin; Mrs. Dalton Broussard, registered nurse.

Others in the group include Miss Julie Cormier, Mrs. B. D. Champagne, Marine Guidry, Mrs. Leo Delahoussaye, Miss Louise Castille, Miss Simone Castille, Mrs. Francis Broussard, Miss Linda Conrad, Hemby Morgan, Mrs. Odile B. Clause, Miss Mary K. Clause, Miss Carolyn Clause, Mrs. Whitney Hebert, Mrs. James Thevenet, Mrs. Chester Broussard, Mr. and Mrs. Sanders Delhomme, Jerry Delhomme, Leon Breaux, Miss Laure Lee Dauterive, Mr. and Mrs. Randall Bulliard, Miss Jacqueline Ann Tabor, Mrs. Roger Ketelers, Mrs. H. Guillory, Miss Marry Louise Hebert, Mrs. Percy Cormier, Ricky Cormier, Mrs. Frank Patin, Mr. and Mrs. Harris Pellerin and son Junior, Mrs. Maude D. Dupuis, Mrs. Claude J. Dauterive, all of Breaux Bridge, La.

Mr. and Mrs. J. J. Arceneaux, Opelousas, La.

Mrs. J. E. Narreau, Mrs. James Gauthier, Mrs. Willie Fournet, all of St. Martinville, La.

Miss Isabelle Guidry of New Iberia, La.

Miss Mary Ann Domingue and Miss Louise Sonnier, both of Scott, La.

Jimmy Benoit of Welsh, La.

Mr. and Mrs. Lionel Thibodeaux and Mrs. John Gorr, all of Lafayette, La.

Mr. and Mrs. Terrel Thibodeaux, Lake Charles, La.

Texas is also represented in the group by Mrs. Victor Bush, Miss Patsy Bush, and Robert Bush of Brownwood.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 5158. An act for the relief of Sgt. Welch Sanders; and

H. R. 5433. An act for the relief of the estates of Opal Perkins, and Kenneth Ross, deceased.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. SHAFER, Mr. JOHNSON of California, Mr. VAN ZANDT, Mr. VINSON, Mr. KILDAY, and Mr. RIVERS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. SHAFER, Mr. JOHNSON of California, Mr. VAN ZANDT, Mr. VINSON, Mr. KILDAY, and Mr. RIVERS were appointed managers on the part of the House at the conference.

The message further announced the House had disagreed to the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TOLLEFSON, Mr. ALLEN of California, Mr. RAY, Mr. BONNER, and Mr. SHELLEY were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmaunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and its environs;

H. R. 6342. An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for postoffice purposes; and for other purposes;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7468. An act to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8247. An act to provide for the restoration and maintenance of the United States ship *Constitution* and to authorize the disposition of the United States ship *Constellation*, United States ship *Hartford*, United States ship *Olympia*, and United States ship *Oregon*, and for other purposes;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustees by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.

The PRESIDING OFFICER (Mr. CRIPPA in the chair). If there be no further routine business, the Chair lays before the Senate the unfinished business, which will be stated by title.

The CHIEF CLERK. A bill (H. R. 7654) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

OUTSTANDING INVESTMENT OPPORTUNITY FOR THE UNITED STATES

Mr. WATKINS. Mr. President, the Congress recently has been asked to appropriate some $3½ billion to aid deserving friendly countries in various parts of the world.

Today, I would like to direct the attention of this body to a meritorious project in an area not embraced in this projected program of international aid to social and economic development. In my opinion, it is eminently deserving of support by the Government, and I hope that this body will act favorably upon it when the project comes before it in the near future.

The area involved is semi-arid, with many sections of it receiving less rainfall in a whole year than this eastern seaboard area receives in a couple of heavy storms. Agriculture is confined largely to irrigated farming, which provides 71 percent of the area's total agricultural income, and to livestock raising. The area is rich in natural resources, and many processing and fabricating industries have recently been established there to supplement the older extractive industries. Residents of the area are frugal and hard-working, and the local governments are eminently sound and financially solvent. An insular location, behind encircling mountains, gives the area a high degree of geographic security in the event of a major international disturbance.

The growth and development of this potentially rich area is limited by the availability of one great natural resource—water. It needs water not only for irrigation, but also for power, for municipal purposes, and for industrial use. This area already has invested heavily in water utilization facilities. Small reservoirs dot the watersheds accessible to communities and valley farmlands, and canals lace across valley floors, some of them tying into tunnels drilled through mountains.

However, the major source of water in this 110,000-square-mile area is a large river system, which flows through deeply eroded canyons some distance from population and agricultural centers. Residents of the area have a clear proprietary interest to half the water in that river—around 7,500,000 acre-feet annually. Yet at the present time, the area is able to put to use only about one-third of that assigned water supply, in spite of its heavy local investment in water utilization facilities.

To utilize additional water, the area is obliged to build some tremendous storage dams on the main stem of that river and supplement them with smaller reservoirs and diversion works on the high watersheds.

The project plan was conceived by some of the world's foremost water resource engineers, who have been engaged in engineering investigations in this area for a half century. These experts have studied more than 250 reservoir sites, and produced reports on all phases of an overall program to develop the water resources of the area. Probably no river system in the world has had such a thorough-going engineering study by internationally recognized experts.

Unlike some of our foreign neighbors, these people do not expect Uncle Sam to finance this development program and pick up the check. They are injecting a new, independent note in aid programs. They ask assistance only in the financing and have very adequate plans to repay Uncle Sam in full before the project facilities have been in use slightly more than half their estimated life.

This repayment program is made possible by utilizing the large water storage dams for the production not only of water for irrigation, but for hydropower. The power generated is required to meet population and industrial growth in the area, and, by its use, the people who will benefit from the water also will pay for both the water and the power. Furthermore, engineering estimates show that after the project is completely paid for, the facilities, which will remain in the ownership of the Federal Government, will be capable of producing a revenue of 15 to 20 million dollars a year for many years.

This land of which I speak—an area roughly the size of New York, Pennsylvania, and New Jersey combined—is not in some faroff place, subject to revolutionary strife or subversion by enemies of this country. It is here in the United States. The project described is—if you have not already guessed it—the upper Colorado River storage project.

In addition to these attractive financial aspects, I must point out that the project itself would produce billions of dollars in new property and wealth, most of which would be subject to Federal taxes. This project therefore, is a real investment in national development—one of the soundest that any of us will see during our terms in the Senate.

This project is currently under review in the Senate Committee on Interior and Insular Affairs. It also has been subjected to 2 weeks of hearings by the comparable committee in the House. Hence, when the measure comes before this body, it will have been subjected to the most intensive study and close congressional scrutiny.

However, the project is huge and complex, and some aspects of it have been clouded by misinformation and controversy. For that reason, I and other Senators from Upper Basin States plan to come before this body with several statements describing the project in nontechnical terms.

USE OF WATER FROM SANTA MARGARITA RIVER, CALIF.—CONFERENCE REPORT

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. What is the business now pending before the Senate?

The PRESIDING OFFICER. House bill 7664, to provide for the development of the Priest Rapids site.

Mr. SALTONSTALL. I understand there is now ready for action by the Senate a conference report, as to which all parties are in agreement. The majority leader with the approval of the minority leader, is desirous of having the report submitted and considered at this time. The distinguished junior Senator from California [Mr. KUCHEL] is in charge of the report.

Mr. KUCHEL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, California, and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. (Mr. CRIPPA in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, California, and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the language inserted by the Senate amendment insert the following:

"That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388), and Acts amendatory thereof or supplementary thereto, as far as those laws are not inconsistent with the provisions of this Act, is authorized to construct, operate, and maintain such dam and other facilities as may be required to make available for irrigation, municipal, domestic, military, and other uses the yield of the reservoir created by De Luz Dam to be located immediately below the confluence of De Luz Creek with Santa Margarita River on Camp Joseph H. Pendleton, San Diego, California, for the Fallbrook Public Utility District and such other users as herein provided. The authority of the Secretary to construct said facilities is contingent upon a determination by him that—

"(a) the Fallbrook Public Utility District shall have entered into a contract under subsection (d), section 9, of the Reclamation Project Act of 1939 undertaking to repay to the United States of America appropriate portions, as determined by the Secretary, of the actual costs of constructing, operating, and maintaining such dam and other facilities, together with interest as hereinafter provided; and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2 (b) of this Act;

"(b) the officer or agency of the State of California authorized by law to grant permits for the appropriation of water shall have granted such permits to the United States of America and shall have granted permits to the Fallbrook Public Utility District for rights to the use of water for storage and diversion as provided in this Act; including, as to the Fallbrook Public Utility District, approval of all requisite changes in points of diversion and storage, and purposes and places of use;

"(c) The Fallbrook Public Utility District shall have agreed that it will not assert against the United States of America any prior appropriative right it may have to water in excess of that quantity deliverable to it under the provisions of this Act, and will share in the use of the waters impounded by the De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in section 3 (a) of this Act; this agreement and waiver and the changes in points of diversion and storage, required by the preceding paragraph, shall become effective and binding only when the dam and other facilities herein provided for shall have been completed and put into operation: *Provided, however,* That the enactment of this legislation does not constitute a recognition of, or an admission that, the Fallbrook Public Utility District has any rights to the use of water in the Santa Margarita River, which rights, if any, exist only by virtue of the laws of the State of California; and

"(d) the De Luz Dam and other facilities herein authorized have economic and engineering feasibility.

"SEC. 2. (a) In the interest of comity between the United States of America and the State of California and consistent with the historic policy of the United States of America of Federal noninterference with State water law, the Secretary of the Navy shall promptly comply with the procedures for the acquisition of appropriative water rights required under the laws of the State of California as soon as he is satisfied, with the advice of the Attorney General of the United States, that such action will not adversely affect the rights of the United States of America under the laws of the State of California.

"(b) The Department of the Navy will not be subject to any charges or costs in connection with the De Luz Dam or its facilities, except upon completion and then shall be charged in reasonable proportion to its use of the facilities under regulations agreed upon by the Secretary of the Navy and Secretary of the Interior.

"SEC. (3) (a) The operation of the dam and other facilities herein provided shall be by the Secretary of the Interior, under regulations satisfactory to the Secretary of the Navy with respect to the Navy's share of the impounded water and National Security. In that operation, 60 per centum of the water impounded by De Luz Dam is hereby allotted to the Secretary of the Navy, 40 per centum of the water impounded by De Luz Dam is hereby allotted to the Fallbrook Public Utility District. The Department of the Navy and the Fallbrook Public Utility District will participate in the water impounded by De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in the preceding sentence: *Provided, however*, That at any time the Secretary of the Navy certifies that he does not have immediate need for any portion of the aforesaid 60 per centum of the water, the official agreed upon to administer the dam and facilities is empowered to enter into temporary contracts for the delivery of water subject, however, to the first right of the Secretary of the Navy to demand that water without charge and without obligation on the part of the United States of America upon 30 day's notice as set forth in any such contract with the approval of the Secretary of the Navy: *Provided, further*, That all moneys paid in to the United States of America under any such contract shall be covered into the general fund of the Treasury, and shall not be applied against the indebtedness of the Fallbrook Public Utility District to the United States of America. In making any such temporary contracts for water not immediately needed by the Navy, the first right thereto, if otherwise consistent with the laws of the State of California, shall be given the Fallbrook Public Utility District.

"(b) The general repayment obligation of the Fallbrook Public Utility District (which shall include interest on the unamortized balance of construction costs of the project allocated to municipal and domestic waters at a rate equal to the average rate, which rate shall be certified by the Secretary of the Treasury, on the long-term loans of the United States outstanding on the date of this Act) to be undertaken pursuant to section 1 of this Act shall be spread in annual installments, which need not be equal, over a period of not more than 56 years, exclusive of a development period, or as near thereto as is consistent with the operation of a formula, mutually agreeable to the parties, under which the payments are varied in the light of factors pertinent to the irrigators' ability to pay. The development period shall begin in the year in which water for use by the district is first available, as announced by the Secretary, and shall end in the year in which the conservation storage space in De Luz Reservoir first fills but shall, in no event, exceed 17 years. During the development period water shall be delivered to the district under annual water rental notices at rates fixed by the Secretary and payable in advance, and any moneys collected in excess of operation and maintenace costs shall be credited to repayment of the capital costs chargeable to the district and the repayment period fixed herein shall be reduced proportionately. The Secretary may transfer to the district the care, operation, and maintenance of the facilities constructed by him under conditions satisfactory to him and to the district and, with respect to such of the facilities as are located within the boundaries of Camp Pendleton, satisfactory also to the Secretary of the Navy.

"(c) For the purposes of this Act the basis, measure, and limit of all rights of the United States of America pertaining to the use of water shall be the laws of the State of California: *Provided*, That nothing in this Act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which it acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both since the date of that acquisition, if any, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it has such rights, or to require the division under this Act of water to which it has such rights.

"(d) Unless otherwise agreed by the Secretary of the Navy, De Luz Dam as herein provided shall at all times be operated in a manner which will permit the free passage of all of the water to the use of which the United States of America is entitled according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisitions, or through actual use or prescription or both since the date of that acquisition, if any, and will not be administered or operated in any way which will impair or deplete the quantities of water to the use of which the United States of America would be entitled under the laws of the State of California had that structure not been built.

"SEC. 4. After the construction of the De Luz Dam, the official operating the reservoir shall deliver water to the Fallbrook Public Utility District, pursuant to regulations issued by the Secretary of the Interior, as follows:

"(1) One thousand eight hundred acre-feet in any year until the reservoir attains an active content of sixty-three thousand acre-feet;

"(2) Not in excess of four thousand eight hundred acre-feet in any year after the reservoir attains an active content of sixty-three thousand acre-feet and until said reservoir attains an active content of ninety-eight thousand acre-feet; and

"(3) Not in excess of eight thousand acre-feet in any year after the reservoir attains an active content of ninety-eight thousand acre-feet and until the conservation storage space of the reservoir has been filled.

"SEC. 5. The Secretary of the Army through the Chief of Engineers, acting in accordance with section 7 of the Flood Control Act of 1944 (58 Stat. 887) is authorized to utilize for purposes of flood control such portion of the capacity of De Luz Reservoir as may be available therefor.

"SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, $22,636,000, the current estimated construction cost of the Santa Margarita River project, plus or minus such amounts as may be indicated by the engineering cost indices for this type of construction, and, in addition thereto, such sums as may be required to operate and maintain the said project.

"SEC. 7. From time to time the Attorney General, the Secretary of the Interior, and the Secretary of the Navy shall report to the Congress concerning the conditions specified in section 1 of this Act, and the first report thereon shall be submitted to the Congress no later than one year from the date of enactment of this Act."

And the Senate agree to the same.

Amend the title so as to read: "An Act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes."

EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
THOMAS H. KUCHEL,
JAMES E. MURRAY,
CLINTON P. ANDERSON,
Managers on the Part of the Senate.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KUCHEL. Mr. President, I am delighted to be able to present to the Senate the conference report on H. R. 5731 which has been agreed to unanimously by the members of the conference from the Senate and the House of Representatives. Senators may recall that this is the bill which authorizes the erection and the building of a dam at De Luz on the Santa Margarita River in California, under specific conditions.

This will bring to a happy and agreeable conclusion the long-drawn out and, at times, unfortunately violent controversy, known in my State as the Fallbrook controversy.

As the conferees were able to resolve the differences between the two Houses, I am glad to say that the bill preserves inviolate all the rights which the Government of the United States may have with respect to water in the area. At the same time the bill preserves to the citizens of my State who live in that area such rights to water as they have. Of great importance is the fact that the provisions of the conference report make crystal clear that the laws of the State of California shall determine the question of rights to water and the use of water.

On that score, I am most happy to say that in all of the deliberations which the committee of conference held, my friend, the able and distinguished junior Senator from New Mexico [Mr. ANDERSON] and I were able to come into complete agreement with respect to all questions which were raised. Therefore, I can truly say that the report represents an honorable means of legislating upon and, at long last, resolving an extremely controversial subject. I urge that the Senate approve and confirm the conference report.

Mr. ANDERSON. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield to the Senator from New Mexico.

Mr. ANDERSON. I appreciate the kind words of the Senator from California. In turn, I wish to congratulate him especially upon one fact, namely, that when we entered into the final conference, every time an effort was made which, I thought, would have jeopardized the rights of the United States, he stood for those things which, it seemed to me, were fair to all parties and essential in the bill.

We did not agree upon the general premise in the beginning, but I must say

that I believe the final solution of the bill is a good one. So I am happy to have participated with the Senator from California, and other Members of Congress, in reaching the solution which has been achieved.

This was a difficult matter to resolve. There are many of us who think we must be extremely careful never to jeopardize the water rights throughout the West, and we examine proposed legislation with a very careful look when it involves long-time water rights.

I must say that I started with the conviction that it would not be possible to harmonize the views of the departments of the Government and my own individual views with the views of the State of California, but I am happy to say that that result finally was achieved. I want the Senator from California [Mr. KUCHEL] to know that his attitude in the matter was appreciated.

This is a report which the Senate can accept, and which the people of the United States can be certain adequately protects the needs of the United States, while at the same time it assures some rights to the people who felt they had very substantial rights in the area, and who wanted their rights preserved.

Mr. KUCHEL. I sincerely thank the able Senator from New Mexico for his statement, and I am deeply appreciative of his personal comments.

The PRESIDING OFFICER (Mrs. BOWRING in the chair). The question is on agreeing to the conference report.

The report was agreed to.

REIMBURSEMENT OF POSTMASTERS OF DISCONTINUED POST OFFICES

Mr. SALTONSTALL. Madam President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar 1758, Senate bill 3028, for the reimbursement of postmasters of discontinued post offices.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to the consideration of the bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

COMMERCIALIZATION OF CERTAIN MILITARY BANDS

Mr. WILLIAMS. Madam President, several months ago there came to the attention of the Senator from New Mexico [Mr. ANDERSON] and myself a situation wherein it appeared that certain of our military bands were being commercialized.

We reported this situation along with the documents supporting the allegation to the Armed Services Committee of the United States Senate, and it was in turn forwarded to the Comptroller General.

UNITED STATES MARINE BAND

In checking the procedure followed by the United States Marine Band we found that the leader of the band had been given full authority to negotiate with an outside promoter a contract wherein that promoter would have jurisdiction and authority to negotiate and fix the charges for all appearances of the marine band on its annual 9-week tour.

Under this authority a contract was negotiated by Lieutenant Colonel Santelmann, leader of the band, with Mr. O. W. Trapp, 1507 M Street NW., Washington, D. C., and it provided that Mr. Trapp as the tour manager was to receive a management fee while the band was on tour of $875 per week plus travel expenses, and then upon completion of the tour Mr. Trapp was to receive one-half of the profit left after expenses had been paid.

Lieutenant Colonel Santelmann, under the same contract, as the leader of the band, was to receive $632 per week and travel expenses plus a portion of the other half of the profit of the trip. Under the terms of the contract the remaining one-half profit was to be divided between the leader of the band and the members.

In addition the other members of the band while on tour were paid as follows: 22 bandsmen at $87 per week, 12 bandsmen at $92 per week, 7 bandsmen at $97 per week, 5 bandsmen at $107 per week, 3 soloists at $127 per week, 1 soloist at $147 per week, 1 soloist at $182 per week.

All of these payments were made each week during the 9-week tour. Transportation of the band members while on tour, including the costs of transporting their persons and baggage from one location to another, was paid by the tour manager and deducted from the gross income of the tour; however, each band member paid out of the money allotted to him his own expenses for hotels, meals, and laundry.

All these salaries of the tour manager, the band leader, and the members of the band were paid from the income received on the tour, or from charges made to the various civic organizations before which they appeared.

In addition to these extra payments the members of the band, including the leader, continued during the actual tour to receive regular military pay and the usual allowances.

The contract as negotiated by the bandleader, Lieutenant Colonel Santelmann, and the tour manager, Mr. O. W. Trapp, provided that upon the conclusion of the tour the gross income be computed, the expenses of the tour, including the salaries referred to above, deducted, the resulting net profit distributed equally between Mr. Trapp and Lieutenant Colonel Santelmann. Lieutenant Colonel Santelmann took his proportionate share of this net profit and then distributed the balance as bonuses to each member of the band who accompanied him on the tour.

In 1951 Lieutenant Colonel Santelmann's share of this bonus was $1,018.45. Other members of the band participated in the bonus, as follows: 22 bandsmen at $140.25, 12 bandsmen at $148.30, 7 bandsmen at $156.40, 5 bandsmen at $172.50, 1 bandsman at $204.75, 1 bandsman at $237, 1 bandsman at $293.40.

In 1951 the payments received by Lieutenant Colonel Santelmann as band leader was for 9 weeks, at $632 per week, a total of $5,688, plus $1,018.45 representing his proportionate share of the profits, making a total of $6,706.45 for the 9 weeks. As mentioned before, during this same 9-week period he and the other members of the band received their regular military pay and allowances.

I do not have a breakdown for the 1952 earnings; however, it should be noted that the net profit was about 20 percent higher than in 1951.

During each of the years 1951 and 1952 Mr. Trapp received as management fees for the 9-week tour a salary of $7,875. In addition, his one-half of the net profits in 1951 was $8,577.25, and in 1952, $10,732.69, bringing his total earnings for the 2 years under this arrangement to $16,452.25 and $18,607.69, respectively.

All other general expenses, including office salaries, payroll taxes, publicity, booking costs, transportation, band salaries, and so forth, were all paid out of the gross income before the division of the net profits referred to above.

Thus we have the highly questionable situation where an officer of the United States Government has been given the instructions and the authority to negotiate a contract with an outside individual wherein under the terms of that contract his own salary and the salary of the other members of the service can be greatly enhanced. This practice, if carried to an extreme, could result in a complete breakdown of the contractural responsibility of the United States Government, and it represents a condition which should be corrected immediately.

To show the details of how this arrangement was inaugurated and how it operates, I ask unanimous consent to have incorporated in the RECORD at this point a report prepared by the Comptroller General of the United States.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MARINE CORPS BAND

Information concerning the Marine Corps Band was obtained from Lt. Col. James C. Short, Office of the Commandant, United States Marine Corps, Room 2004, Navy Annex, Arlington, Va.

The Marine Corps Band is comprised of approximately 80 to 85 musicians, primarily enlisted men, with 2 or 3 officers. One of these officers is Lt. Col. William F. H. Santelmann, the leader of the band.

Lieutenant Colonel Short stated that the Marine Corps Band operates under the authority of title 34, United States Code, section 702, which reads: "A member of the said band shall not, as an individual, furnish music, or accept an engagement to furnish music, when such furnishing of music places him in competition with any civilian musician or musicians, and shall not accept or receive remuneration for furnishing music except, under special circumstances when authorized by the President (Aug. 29, 1916, ch. 417, 39 Stat. 612)."

Although Lieutenant Colonel Short felt that this section did not specifically state that they could accept remuneration for

tours and outside performances, he did feel that the legislative history indicated that the band could accept such remuneration. Lieutenant Colonel Short said that, in fact, this legislation was intended to remove a previously existing evil.

Lieutenant Colonel Short agreed that this was an exception to the general practice concerning service bands and, to his knowledge, no other bands could accept remuneration. He advised that each year a tour is arranged for the band. Also, all members of the band continue to receive pay and allowances during the actual tour even though the cost of the tours are at no expense to the United States and no appropriated funds are involved. All of the expenses are paid from the income received from the tour.

Lieutenant Colonel Short advised that at the present time a civilian tour director named Mr. O. W. Trapp, 1507 M Street NW., Washington, D. C., arranges the bookings 1 year in advance and has been booking the band since about 1949. The usual procedure in connection with a tour is the preparation of a letter requesting authority for the tour, outlining the various points at which the band will play. This letter is forwarded by the Secretary of the Navy to the President of the United States for his approval. When the approval is granted, which is invariable, a tour contract is negotiated between Mr. Trapp and Lieutenant Colonel Santelmann, acting as the band representative. In addition to Lieutenant Colonel Santelmann's approval, and prior to acceptance by the Marine Corps, this contract must be approved by the Commandant's Office and by the Office of the Judge Advocate General of the Navy. During the period of the tour, the band is under the control and command of Lieutenant Colonel Santelmann. Escape clauses are contained in the contract so that at any point within the course of the tour Lieutenant Colonel Santelmann could order the band back to Washington, D. C., and Mr. Trapp would have no recourse for breach of contract. Mr. Trapp is required to be bonded in a stated amount, usually $7,500, to cover the transportation of the personnel and their baggage back to Washington, D. C., in the event the tour is terminated.

After approval of the contract between Lieutenant Colonel Santelmann and Mr. Trapp, contracts are then negotiated between Mr. Trapp as tour director and supporters of various charitable and civic organizations. After arrangements have been agreed upon by Mr. Trapp and the other parties, the contracts are then submitted to Lieutenant Colonel Short and to the Commandant's Office of the Marine Corps for final acceptance. These contracts are also reviewed by the Office of Judge Advocate General of the Navy. The Commandant's Office gives the final decision for the actual itinerary of the band. In order that the majority of the areas of the United States might benefit from the band's performances, the Commandant's Office avoids returning to areas in which the band has played during the past several years. For this reason, it frequently happens that areas which have proved very beneficial to the band are not acceptable to the Commandant's Office.

Lieutenant Colonel Short stated that no sponsor could make any profit from the appearances of the band and that all profits, after the guarantee to the band has been paid, must be turned over to a charity or for some civic purpose. No individual sponsoring the band's performance can benefit from the tour. Lieutenant Colonel Short advised that the Marine Corps and the other armed services clear with each other prior to the initiation of a tour of the areas in which they propose to appear so that the activities of the band would be spread as far apart as geographically possible.

According to the contract entered into between Mr. Trapp and the band, he must pay to the band leader the sum of $5,320 per week. This amount is shown on their profit-and-loss statement as weekly salaries. For the years 1951 and 1952, this amount is broken down into certain payments allowed to each member of the band and is scheduled in the following manner: 22 bandsmen at $87 per week, 12 bandsmen at $92 per week, 7 bandsmen at $97 per week, 5 bandsmen at $107 per week, 3 soloists at $127 per week, 1 soloist at $147 per week, 1 soloist at $182 per week.

In addition, the band leader, Lieutenant Colonel Santelmann, is paid $632 per week. All these payments are made each week during the 9-week tour. Since the band operates at no expense to the United States insofar as travel money is concerned, each band member must pay his own expenses for hotels, meals, laundry, etc., out of the money allotted to him. The only reimbursement they receive other than this amount is the cost of transporting their persons and baggage from one location to another, which is paid for by the tour director and is deducted from the gross income of the tour. Federal and old-age tax deductions are made for each member of the band who accompanies the tour. Only 1 tour a year is made and approximately 48 to 50 men go on the tour.

For his performance in arranging the tour, accompanying the band, and other activities, Mr. Trapp received a weekly allotment of $875, under a controlling clause in the contract, which is shown on the profit and loss statement as a management fee. For each of the 9-week periods in 1951 and 1952, Mr. Trapp received a total amount of $7,875 as management fee. Upon conclusion of the tour, the gross income is computed, the expenses of the tour deducted and the resulting net profit is distributed equally between Mr. Trapp and the leader, Lieutenant Colonel Santelmann. After Lieutenant Colonel Santelmann deducts his proportionate share of the net profit, he distributes the balance, pro rata, to each of the band members who accompany him on the tour. The distribution of this bonus for the 1951 tour was as follows: 22 bandsmen at $140.25, 12 bandsmen at $148.30, 7 bandsmen at $156.40, 5 bandsmen at $172.50, 1 bandsman at $204.75, 1 bandsman at $237, 1 bandsman at $293.40. Lieutenant Colonel Santelmann's share was $1,018.45.

During the progress of the tour, no outside musicians are allowed to play in or with the band so that there is no complaint of local musicians. The only exception to this procedure, according to Lieutenant Colonel Short, is that occasionally Lieutenant Colonel Santelmann will, out of courtesy, allow a band leader living in the area where the band is playing to conduct the band. This is a matter of professional courtesy that usually extends to only one person during the program of the band and has never, to Lieutenant Colonel Short's knowledge, been objected to by the Musicians' Union.

No specific amount is requested from appropriations on an annual basis for the band. The budget of the band is prepared as a part of the Commandant's Office of the Marine Corps and an amount is inserted for equipage. This is the only reference made in the budget to the band. The pay and allowances of the personnel of the band are shown with the overall pay of enlisted personnel and do not appear on the budget allotment of the Commandant's Office or of the band. For the purpose of computing the cost of the band, it would be necessary to audit the salary, pay and allowances of each individual, which information is being prepared by Lieutenant Colonel Short for this office.

In addition to this band, the Marine Corps has nine other bands located in posts throughout the world. All of these bands perform on a divisional or post basis for military activities within the area to which they are assigned. They are comprised of full-time bandsmen with the exception of the band located at Pearl Harbor which performs its band activities on a collateral basis. The number of personnel engaged in all of these bands totals approximately 400 men.

Mr. WILLIAMS. Madam President, I now ask unanimous consent to have incorporated in the RECORD the profit and loss statement of the Marine Corps Band for the 1951 and 1952 tours.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Income and expenses of Marine Corps band tours, O. W. Trapp, tour manager, from profit and loss statements prepared by John A. Herl, certified public accountant, 507 M Street, NW., Washington, D. C.

	1951 tour	1952 tour
1. Gross income	$118,174.24	$119,622.63
2. Less expenses:		
General expense	892.56	1,106.11
Band salary	47,880.00	47,880.00
Band transportation	12,840.41	10,467.16
Baggage transportation	5,008.17	4,689.73
Booking costs	12,938.38	12,373.73
Publicity	10,124.85	10,174.92
Management fee	7,875.00	7,875.00
Insurance	182.32	212.76
Office salaries	3,190.00	3,437.50
Taxes, payroll	88.05	54.40
Total expenses	101,019.74	98,271.31
Goss income less expenses	17,154.50	21,351.32
Add refund 1951 taxes		114.06
Net profit	17,154.50	21,465.38
3. Distributive shares:		
O. W. Trapp, tour manager	8,577.25	10,732.69
Santelmann, band director	8,577.25	10,732.69

UNITED STATES NAVY BAND

Mr. WILLIAMS. Madam President, in reviewing the procedure followed by other service bands, we found that, with the exception of the United States Navy Band, the tours are arranged by officials connected with the service, and when charges are made they are strictly on an expense basis, with no profit resulting either to the service or to the members of the band.

The Navy Band, while not permitting the members of the band to receive any remuneration other than their regular military pay, does, however, contract with a civilian tour manager to make arrangements and to determine the charges for their annual tours.

The Navy negotiated their contract with Mr. G. B. Sandefer, 1092 National Press Building, Washington, D. C. The 1952 contract—the one which was examined—provided for a maximum profit of $20,000 which could be retained by Mr. Sandefer. In that year his net profit as the tour director was $19,994.37.

Under the terms of the contract, while receiving no extra pay, the members of the band received an expense allowance covering hotel, meals, laundry, and so forth, which were paid by Mr. Sandefer out of the gross receipts as collected from the various sponsors.

The net profit to Mr. Sandefer as the tour director over the past 5 years is as follows:

1948:	
Spring tour	$13,882.00
Fall tour	6,441.00
1949	16,874.00
1950	19,919.00
1951	18,659.00
1952	19,994.37

Under the terms of the same contract, while Mr. Sandefer accompanies the band on the tours he obtains, in addition, $25 per diem.

I ask unanimous consent to have incorporated in the RECORD a complete report on the United States Navy Band as compiled by the Comptroller General.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

UNITED STATES NAVY BAND

Information pertaining to the United States Navy Band was obtained from Capt. E. M. Brown, Bureau of Personnel, Department of the Navy.

The Navy Band is quartered at the Naval Gun Factory which is under the Potomac River Command, Washington, D. C. This band engages in spring and fall tours. In addition to this main band, there are divisional or unit bands; however, their activities are limited to playing for military affairs of each unit. When a tour is arranged, a civilian tour manager, Mr. G. B. Sandefer, 1092 National Press Building, Washington, D. C., enters into a contract with the Navy to arrange and manage the tour. Presidential authority is obtained for each tour. Pay and allowances of the members of this band continue under title 34, United States Code, section 596, which states "That hereafter during concert tours approved by the President members of the United States Navy Band shall suffer no loss of allowance." The trips are made at no cost to the Government as all expenses are paid by the concert manager. The members of the band allegedly obtain no money from these tours; however, for each day of the tour they submit an expense voucher indicating their costs of hotel, meals, laundry, and so forth, during the day. At regular periods, either weekly or biweekly, the men are reimbursed by the tour manager for these expenses. The submission of the vouchers is made to the tour manager and the canceled expense vouchers are not available through Captain Brown's office. Mr. Sandefer was on tour and will not return to Washington, D. C., until November 15, 1953, therefore, no vouchers could be obtained for review. There is no check on the amount that the bandsmen submit as having expended on the tours, but within reason, all such vouchers are paid. The use of the word "reason" by Captain Brown, is, of course, very flexible and could serve as a basis for granting large weekly salaries in proportion to the services rendered by the band members.

The members of the band do not receive Government subsistence during the trip, although their pay and allowances continue. According to Captain Brown, the failure of military personnel to successfully arrange and manage tours leads to the contractual arrangement with Mr. Sandefer. Mr. Sandefer has been acting as tour manager since 1948. Under the terms of the contract with Mr. Sandefer, an amount is established as a maximum profit which can be earned by him. Since 1948 there has been no overage beyond the amount stipulated in the contract as a maximum net proceeds to accrue to the contractor's income and consequently, no money has been turned over to the United States Treasury.

The band has 116 musicians of which approximately 50 tour with the band.

An audit was made by Mayer D. Weinstein, certified public accountant, at the conclusion of the 1952 tour, and the figures reported by him are set forth below:

Spring and fall tours, 1592—audit by Mayer Weinstein, certified public accountant, Washington, D. C.

Receipts	$109,517.51
Less expenses:	
Advertising	16,208.28
Hotel, food, laundry, etc	51,270.58
Auditing	723.63
Transportation	18,825.91
Per diem to tour director	1,900.00
Total	89,523.14
Net profit	19,994.37

The stated profit to the tour director from these tours over the past 5 years is as follows:

1948:	
Spring tour	$13,882.00
Fall tour	6,441.00
1949	16,874.00
1950	19,919.00
1951	18,659.00
1952	19,994.37

The contract entered into for the spring and fall tours of 1952, provided for a maximum profit of $20,000 which could be retained by Mr. Sandefer. After expenses had been deducted from the gross income, it will be noted that the net profit to the tour director was $19,994.37.

While Mr. Sandefer accompanies the band on tours, he obtains $25 per diem and that amount is represented by the figure of $1,900 set forth in the Weinstein audit. Contracts between Mr. Sandefer and the sponsors of each appearance of the band are approved by the Office of the Judge Advocate General, Department of the Navy, as shown by the attached copy of a blank contract.

Mr. WILLIAMS. Madam President, I see no objection to the principle that the communities and organizations requesting the attendance of these military bands should pay the expenses; however, surely in the personnel of each of these military organizations there are qualified men who can handle the necessary arrangements for these annual tours without the employment of an outside promoter.

The principle that an official of the United States Government be authorized to negotiate a contract with an outside promoter whereby charges can be fixed for the appearances of the band at a level which will reflect a substantial profit both to the official and to the outside promoter is unsound, to say the least.

I am glad to join the Senator from New Mexico [Mr. ANDERSON] in urging the Armed Services Committee of the United States Senate to consider the necessary steps which should be taken to put a stop to this questionable procedure.

Mr. ANDERSON. Madam President, I wish to say to the Senator from Delaware that I appreciate very much the zeal and the energy which he has devoted to this matter. I know that he made a very sincere and a very fine effort to stop what looked like a very questionable practice. At the same time, I wish to say that the able Senator from Massachusetts, the chairman of the Armed Services Committee, is also, in my opinion, entitled to credit because, as I understand and believe, he tried to follow the suggestions made by the Senator from Delaware and to work out a procedure which would stop the practice complained of.

I desire to explain that my interest in the matter began when certain persons came into Santa Fe, N. Mex., and made a contract for the appearance of one of the Government bands. They made that contract with the Boys Club of Santa Fe, which had a few hundred dollars in its treasury, and which was trying to obtain a few hundred dollars more, so it would have a decent budget. Instead of making money out of the concert, the actual result was that the appearance of the band drained the treasury of practically every dollar which was on hand. It took more than $600 away from the Boys Club at Santa Fe. That incident aroused my interest in what was going on.

I have been told there are other communities in the United States which had similar experiences. They had invited the bands to their communities, the bands had gone there, and instead of the organizations in the communities making a profit, their treasuries had been drained, in order to pay additional salaries to the members of the band, an additional salary to the director of the band, and a handsome profit to the contractor who arranged the tours.

I do not think official bands of the United States Government should be used to take away money which was to have been used for charitable purposes in particular communities throughout the country. I do not believe such tours should be used as a means of making additional money for the leaders of the bands. I do not believe that was one of the purposes for which the bands were established.

Because of these conditions, I desire to commend not only the work which the diligent and able Senator from Delaware did in digging up the facts, but also that of the chairman of the Armed Services Committee, who, when the facts were presented to him by me and by the Senator from Delaware, went to work to cause a change in the procedure so that such a thing could not be repeated.

I would not want to leave the impression that every community in which the bands played lost money by reason of the appearances of the bands. Some communities actually made money, and that is fine. But I believe there ought to have been a proper procedure devised so that as a result of the appearance of the bands in certain communities money which certain local organizations had previously collected by charitable drives could not be taken away from them and put into the pocket of a tour manager who happened to have brought the band to such communities. I think the present practice is bad. Therefore, I thank the able chairman of the Armed Services Committee for correcting what I think was an extremely bad practice.

I again wish to pay tribute to the Senator from Delaware for working on a matter of this nature in an attempt to straighten it out. I appreciate his efforts very much, indeed.

Mr. WILLIAMS. Madam President, I wish to join in what the Senator from New Mexico said with reference to the chairman of the Armed Services Committee, and to make it clear that I am not criticizing the committee; in fact, it should be said that largely we were able to gather the facts, as I am sure the Senator from New Mexico will agree, only with the cooperation of the committee.

Mr. ANDERSON. I do agree with the statement of the Senator from Delaware. The purpose was accomplished with the cooperation of the Senator from Massachusetts, the chairman of the Armed Services Committee.

Mr. WILLIAMS. Likewise, I do not wish the record to show any undue criticism of the bands. I have a high regard for both as I know the people of the country generally have. It is in order to maintain this high respect for the bands which exists in the minds of the American people that I think it is essential that we change the practice by which these bands can be unduly commercialized. There are men in both services who I am sure could handle the arrangements, and I am hoping that a change in procedure will be made. As one who worked on this problem, I certainly wish to emphasize the cooperation we have received from the chairman of the Armed Services Committee.

Mr. SALTONSTALL. Madam President, I appreciate the kind remarks of the Senator from New Mexico and the Senator from Delaware. I feel very sorry that this matter comes up at this time. I do not have my file before me, so what I say may be somewhat inaccurate, but I believe it will be in substance correct.

The Senator from New Mexico wrote me, as chairman of the Armed Services Committee, concerning the case in Santa Fe, N. Mex., where the Marine Band had appeared. On that occasion money was lost, and there was insistence that the contract be lived up to, which meant that the charitable organization concerned had to go around and dig up about six or eight hundred dollars.

I turned the matter over to the Preparedness Subcommittee, and I myself went into the case. The then Secretary of the Navy, Mr. Anderson, now the Deputy Secretary of Defense, came to see me regarding it. He, too, was surprised about the situation. I had two visits from General Shepherd, Commandant of the Marine Corps.

The methods by which the service bands make contracts are entirely different as between the four services. As I recall, the Air Force and the Army Bands make no contracts by which they make either profits or losses. As I recall, the Navy has a different arrangement, but no question arises concerning it. The only question arises in connection with the Marine Band. The Marine Band, which makes tours for educational or recruiting purposes or to be helpful to citizens of the country, has found that the best method is to operate by means of a travel agency or a contracting agency in Washington. That practice has been followed for a number of years. So far as has been called to my attention, the case in New Mexico is the only 1 in the past year or perhaps the last 2 years that involved any loss to the community. There may have been other cases of that sort, but it was the only one about which there was considerable discussion.

General Shepherd and Mr. Anderson, the then Secretary of the Navy, suggested a method by which they believe this situation can be prevented in the future. What they told me satisfied me at the time; it seemed to be a good arrangement, and one which would be satisfactory. I thought that the report which had been prepared had been furnished the Senator from New Mexico [Mr. ANDERSON]. If it has not been, it certainly should be and will be. I shall also see that a copy of it is sent to the Senator from Delaware [Mr. WILLIAMS].

To the best of my knowledge and belief, this situation was cleared up several months ago. Certainly it was one of the first matters I took up on my return to Washington in January.

The services are alert to the situation. The Secretary of the Navy was as surprised as I was that such a thing could happen. I hope and trust that henceforth such a procedure will be followed and the contracts so arranged as to prevent any complaint.

Mr. ANDERSON. Madam President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. ANDERSON. I know the Senator from Massachusetts worked very diligently on the matter, as I have said. The item which was sent to me on April 30 stated that a solution was under way. But I am informed that the solution does not offer complete assurance that such an incident as the one which occurred in New Mexico will not occur again, though it is believed that it will minimize the possibility of such a development.

All I am saying is that I do not believe it is proper for a band operating under the Government of the United States to be used as a money-making device by having an agent go into a community and say to the people of the community, "Oh, you will have a wonderful crowd when the Marine Band"—or the "Army Band"—"plays here, and you will make a fortune for your Boys Club" or "your Boy Scouts," or whatever the organization might be; but thereafter, if a loss occurs, say, "I am very sorry you have had a loss, but nothing can be done about it." Furthermore, although the people of the community had been given to understand they would be provided with assistance in connection with the sale of tickets, promotion, and so forth, nothing of the sort was done.

So, Madam President, when a Government band is involved, I think there should be some control, so that a community will not experience a loss just because of poor salesmanship.

I hope this situation will not recur, but I wish to point out that this is not the only incident of the sort. I checked at every city where concerts were held, and I asked every community to tell me what its experience had been. This situation has developed in many places in the United States. Therefore, I think the arrangement is a bad one.

Mr. SALTONSTALL. Madam President, let me say to the Senator from New Mexico that I think this is the only case where a substantial loss occurred, and a complaint was made, although there may have been others.

Question arises as to how such tours are to be arranged. They must be arranged by a professional. It is my recollection that the contractor or travel agent does not receive his fee until it is known whether there was a loss or a profit; and if there was a loss, certain other conditions would prevail. I speak now from memory, after the passage of several months. However, at the time I was satisfied that the proposed method was a reasonable way to solve the problem.

Mr. ANDERSON. Madam President, my point is that I do not believe it is proper for members of the band to have additional compensation, over and above their regular Government salaries. I do not believe it is proper for the director to receive thousands of dollars a year for taking the band around the country, in addition to his regular Federal salary as leader of the band. I hope such a procedure will be effectively stopped. I believe it should be stopped.

Mr. SALTONSTALL. I questioned that, too, let me say to the Senator from New Mexico. But a number of factors enter into the situation. On the other hand, when the Senator from New Mexico speaks of "thousands of dollars," that is not correct.

Mr. ANDERSON. That is the testimony; and I think the Senator from Delaware will confirm its truth.

Mr. SALTONSTALL. I do not think the Senator from New Mexico will find that it runs into many thousands of dollars. I know it runs into several thousand dollars. But I would not have the Senator from New Mexico give the impression that the leader of the band is earning more than $15,000.

Mr. SALTONSTALL subsequently said: Madam President, in order to complete the record with regard to the Marine Band situation, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which has just come to me, dated July 2, 1954, from the present Secretary of the Navy, Mr. C. S. Thomas, in which he refers to previous correspondence which I had with his predecessor, the present Deputy Secretary of Defense, with respect to certain tours by the Marine Band and the Navy Band. I read the letter for the information of the Senator from New Mexico [Mr. ANDERSON] and the Senator from Delaware [Mr. WILLIAMS]:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, July 2, 1954.

Hon. LEVERETT SALTONSTALL,
United States Senate,
Washington, D. C.

MY DEAR SENATOR SALTONSTALL: I am pleased to inform you that it has been decided to adopt your suggestion, as set forth in your letter of May 17, 1954, to the Honorable Robert B. Anderson, Deputy Secretary of Defense, with respect to concert tours by the Marine and Navy Bands.

Hereafter, within 60 days after the completion of the annual concert tour by each of these bands a report will be submitted to the Secretary of the Navy by the Commandant of the Marine Corps and the Chief of Navy Personnel, respectively. Complete financial details of the tours will be furnished in the form of a report by a certified public accountant, based upon an audit of the books and records of the concert tour manager. In the past, such a report by a certified public accountant has been submitted to the Commandant of the Marine Corps by the leader of the Marine Band and to the Navy Department by the civilian tour manager for concert tours by the Navy Band.

The reports to the Secretary of the Navy will show the amounts paid to the individual members of the bands for personal expenses and the amounts paid to members of the Marine Band over and above their expenses. They will also contain information with respect to the success or failure of each individual sponsor in meeting expenses, including the guaranty to the tour manager, the amount of money derived for charitable or civic purposes, and any special incidents which occur during the tour which reflect either favorably or unfavorably upon the appearances of the bands in the various communities during the concert tours.

I wish to again thank you for your interest in this matter and for your very helpful suggestions.

Sincerely yours,

C. S. THOMAS.

Mr. ANDERSON subsequently said: Madam President, at the conclusion of the remarks which I previously made, I should like to have inserted in the RECORD two letters. The first is from Mr. L. T. Konopak, president of the Santa Fe Boys Club. Mr. Konopak is a very able businessman. He spends only a part of his time in Santa Fe. He is a resident of the State of Ohio, and comes to Santa Fe from time to time. He is very much interested in the Boys' Club.

In a six-page letter he explains exactly how the Boys' Club got into these difficulties, and why he thinks the Government owes the club money. He submits a bill against the Treasury of the United States for $676.05 for services rendered to the Government of the United States. I ask unanimous consent to have his letter and a copy of his claim printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SANTA FE BOYS' CLUB,
Santa Fe, N. Mex., July 8, 1954.

The Honorable CLINTON P. ANDERSON,
Senate Office Building,
Washington, D. C.

DEAR SIR: On December 16, 1952, we wrote to you asking if you could arrange a settlement of a claim which we think that we have against the Government of the United States.

Prior thereto, we had been approached by Mr. George Quaal, as a representative of Mr. O. W. Trapp, tour manager of the United States Marine Band, about a concert by the band to be given in Santa Fe.

We were assured that if we would distribute in store windows the photographs and other advertising matter which would be furnished us, the concert would produce a profit of between one and two thousand dollars for us.

We agreed to do that and we did that, and we secured very good newspaper publicity, but in the preliminary discussion, we emphasized that we were interested only if we would not not be expected to beg for the United States Marine Band in the name of the Santa Fe Boys' Club.

The proposition was that the band would be doing something for us, and not that we were merely to guarantee a profit to Mr. Trapp and those he favored with a participation.

We did arrange for advance ticket sales, and the concert was given on a purely commercial basis. If we had begged Santa Feans to buy tickets for the benefit of Santa Fe Boys' Club, we may have collected enough money to cover Mr. Trapp's profit in addition to the expenses.

However, it seemed to us that to give money to the United States Marine Band for the benefit of a small group of promoters, which had been raised through the sale of tickets ostensibly for the benefit of the Boys' Club, would have violated the intent of the donors. Therefore, we refused to beg people to buy tickets, and we handled the sale on the basis of the band's public appeal.

The popularity of the band, with all the advertising that we gave it, failed to draw an audience of sufficient size to pay the expenses and the profit guaranteed for the tour manager and those favored by him. Therefore, we had to pay $676.05 to the band in addition to all of the net proceeds from the concert.

On December 24, 1952, you wrote us:

"I do, however, think it is pretty poor policy for the band to go running around the country causing a loss to the various communities where it performs. I intend to find out by what authority these Government bands tour the country. I intend to check that as quickly as I can."

On January 23, 1953, you wrote that you were getting a list of the 63 cities where the band played, and stated:

"I intend to circularize each community asking them how much they paid for the concert; what their other expenses were; and what their receipts were. Also what particular charity benefited if there was a profit.

"I have learned that Mr. Trapp has an agreement with the band by which he guarantees the expenses of the tour and that he personally gets a profit for a percentage of what he makes above the expenses."

What expenses does he guarantee? The men are paid and are given food and lodging by the United States Government, and it therefore appears that Mr. Trapp guarantees to pay only the transportation costs.

On July 11, 1953, you wrote:

"I turned the file over to Senator WILLIAMS and I have made a reinvestigation of it and we are turning it over to the Military Affairs Committee of the Senate in the hope that we can make a recovery for all the communities across the country that were hurt."

On September 30, 1953, we were advised that the Military Affairs Committee had a man working on the matter with the General Accounting Office and expected to make a report within the next 10 days.

On March 11, 1954, I received copies of two letters from Senator SALTONSTALL: One addressed to the Honorable Robert B. Anderson, Secretary of the Navy, suggesting a revision of the type of the contract under which the Marine Band operates to preclude a repetition of the practice which, in effect, guarantees Mr. Trapp his profit at the expense of charities sponsoring the concerts.

The other letter from Senator SALTONSTALL was addressed to you and refers to a legal opinion from the Department of Defense indicating that the arrangement under which the Marine Band operates in giving its concerts is legally sound.

We have no doubt as to that conclusion—and we know that we have no legal claim against Mr. Trapp—but, we still have not received payment of $676.05 for the services which we rendered in connection with that concert of the United States Marine Band—"the President's own band."

The facts still remain as they were. The Marine Band wanted to give a concert in Santa Fe. We believe that this was not sanctioned by Congress merely for the purpose of permitting Mr. Trapp to make a profit.

It was done with the thought, in our humble opinion, that the United States Government would reap some benefit, and certainly it was not the intent of Congress to obtain such benefit at the expense of charitable organizations in the United States.

We all know Robin Hood and his exploits in robbing the rich for the poor—but, whoever thought that the United States Government would be a party to legalize robbing charities to assure profits to an individual and his associates?

Unless it is admitted that the concert tours are purely for the purpose of creating gain for favored individuals, then it must be conceded that they are (1) to educate the American public in music, (2) to provide enjoyment for the American public, and (3) to advertise the Marine Corps and increase enlistment in the Marine Corps.

Those are commendable reasons for the tour, and we believe that all three benefits have been achieved by the public and the Government from that tour in 1952. That being so, is there any reason why the Government of the United States should not pay for them?

Those losses, like ours, should be paid for by the tour promoters. However, if the promoters are to be protected because the arrangement was legally sound, is there any reason why the Government of the United States should not pay in dollars for the value of the benefits which it has received?

The Government of the United States sent "the President's own band" on a tour to educate the American public in music, to provide enjoyment for its citizens and to increase the enlistment in the United States Marine Corps by displaying the perfection of its band and by inspiring every one with pride in the Corps. The concert was thrilling.

The Santa Fe Boys' Club rendered services in accomplishing those benefits for the Government of the United States, and while our services were worth considerably more, we are billing you only our out-of-pocket costs in the amount of $676.05.

May we be favored with a warrant of the Treasury of the United States in full settlement of our charges for services rendered to the Government?

Respectfully submitted.

THE SANTA FE BOYS' CLUB,
By L. T. KONOPAK, *President.*

SANTA FE BOYS' CLUB, SANTA FE, NEW MEX.

INVOICE NO. 245

DEPARTMENT OF DEFENSE,
United States Government,
Washington, D. C.:

Services rendered by members of the Santa Fe Boys' Club re concert by the United States Marine Band on October 5, 1952, in Seth Hall in Santa Fe: Imprinting posters; distributing and posting advertising matter; securing publicity on radio and in newspaper; renting and supplying hall; setting seats and arranging stage of hall; selling tickets; ushering; cleaning hall, and cash paid to tour manager, $676.05.

Mr. ANDERSON. Because there has been an implication that other communities did not suffer losses, I thought it would be proper to have in the RECORD a letter from Marion, Ind., Junior Association of Commerce, which booked the Marine Band for a concert. When the promoter went there to sell the community on this get-rich-quick scheme he told them that they ought to make about

$7,000 by bringing the Marine Band to Marion, Ind. He said that no other concert would be given anywhere near Marion, in northern Indiana.

The Association proceeded to advertise, and do extra work. Then it was learned that the promoter had made a contract for a concert at Fort Wayne, Ind., and that a good deal of the advertising done by the Marion Junior Association of Commerce was for the benefit of the Fort Wayne concert. The association called the promoter, and he came there and said, "I am still sure that you will make $7,000." The members of Junior Association of Commerce worked very hard. They sold about 3,000 tickets, when they expected to sell around 12,000. The association sustained a loss of $474.23.

Just before the performance members of the association tried to get the management to trim down the guarantee to the amount the association had been able to take in. The representatives of the promotor, who, as I understand, made nearly $20,000 from the tour, said, "We are going to have our pound of flesh. You give us the full $2,500 you guaranteed. We will not cut a nickel off the bill."

The letter to which I refer was written to me by Mr. Richard L. Dilts, president of the Junior Association of Commerce of Marion, Ind. I ask unanimous consent to have the letter printed in the RECORD at this point as a part of my remarks. If necessary I can supplement it with additional letters from other communities across the country which were sold a bill of goods by tour promoters. I think this is a very bad activity for the Government to be engaged in.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARION JUNIOR
ASSOCIATION OF COMMERCE,
Marion, Ind., February 10, 1953.

DEAR SENATOR: It is a pleasure to answer your inquiry and to relate our experience with the Marine Band.

We were first contacted by a Mr. George Quaal who came to Marion and presented a prospectus which he claimed was based on Marion's population of approximately 30,000 people.

1. Mr. Quaal stated Marion would have the only concert in northern Indiana, there to be only one other concert in the State and that to be in the south.

2. Mr. Quaal told us we would receive advance publicity pertaining to members of the band who lived near our community.

3. He recommended two performances, one a matinee, tickets selling for 60 cents for students, $1.25 for adults, and an evening performance, general admission to be $1.25 and reserved sections at $1.80.

4. Mr. Quaal told us only of organizations making profit on the project and forecast our profit to be $7,000.

5. O. W. Trapp to furnish billboard and display advertising.

On the basis of these statements and the prospectus we agreed to sponsor and signed the contract for a guaranty of $2,500.

We were greatly disappointed, not only with the results of this program but also in the way Mr. Quaal let us down.

1. At an expense to ourselves, we advertised in northern Indiana newspapers and by direct mail. We were greatly shocked when we learned that Fort Wayne, a much larger city, located 49 miles north of us, was sponsoring this concert on the day before our concert. As a result of this, we had to refund several mail-order tickets because we had advertised that Marion was to have the only performance in northern Indiana. In brief, Mr. Quaal did not keep his word on this point. We attempted to break the contract because of this breach of faith, and we received a letter from O. W. Trapp informing us that we had an airtight contract and he was going to hold us to it.

Mr. Quaal definitely had not kept his word regarding the contract.

We contacted our attorney, who advised us the contract was valid. Based on this, we agreed to fulfill our part of the program.

Mr. Quaal again returned to Marion and assured us that we would make our $7,000. He avoided telling us about the Fort Wayne concert. He listened to our reports which told of our advertising in the Fort Wayne area and of sending letters to schools in Fort Wayne. Never once did he tell us that Fort Wayne was to have this project, and we found it out through the Fort Wayne newspapers and over radio.

2. We received no information pertaining to members of the band living in the Marion area.

3. We followed Quaal's prospectus as near to the detail as we possibly could. Our entire membership was supplied with tickets and, in addition, there were tickets made available to schools and various downtown retail establishments in the business area.

4. Our results were a loss to our organization of $474.23 in cash, many hours of the time of our members, and a great loss of face to our local organization. We feel that this loss was due to the failure of Mr. Quaal and Mr. Trapp in fulfilling Mr. Quaal's statements.

We sold approximately 3,000 tickets to the concert; we had hoped to sell 12,000. This represented approximately $3,500 income and approximately $4,000 in expense, a net loss of $474.23. Just before the performance we informed Mr. Quaal that there would be a loss and requested an adjustment on the guaranty. Mr. Quaal demanded and received the full $2,500 guaranty.

In defense of the Marine Band, we would like to say this: The concert was well received by those who attended the performance and the band was excellent in its part of the program.

We are very anxious to learn what steps are taken concerning this matter and would appreciate any information.

Respectfully yours,

RICHARD L. DILTS,
President.

Mr. SALTONSTALL. To conclude the discussion I should like to say, as chairman of the Committee on Armed Services, that I believe there is much in what the two Senators have said. If the matter is not satisfactorily cleared up, I hope they will look into it further and make further suggestions to me, so that I may take it up again. I thought the matter had been cleared up. I know I spent a great deal of time on it.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—RECOMMITTAL OF BILL

Mr. JOHNSTON of South Carolina. Madam President, I ask unanimous consent that Senate bill 1688, Calendar 681, a bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, be recommitted to the Committee on Post Office and Civil Service. The purpose of recommitting the bill to the committee is that it is necessary to amend it.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SALTONSTALL. The Senator from South Carolina has informed me, as acting majority leader, that the Senator from Kansas [Mr. CARLSON] approves his request to recommit the bill to which he has referred to the Committee on Post Office and Civil Service. There is no objection to having that done at this time.

Mr. JOHNSTON of South Carolina. I should like to add that the chairman of the committee has discussed this subject with me. I am the author of the bill. We have already enacted into law a part of the bill, and it must be amended.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1688) to amend the Civil Service Retirement Act of May 29, 1930, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina to recommit the bill to the Committee on Post Office and Civil Service?

Mr. CARLSON. Reserving the right to object—and I assure the distinguished Senator that I shall not object—I concur in the statement just made by the Senator from South Carolina. I think it would be well to send the bill back to the committee in view of the fact that a part of the bill has already been enacted into law; also there are other phases of the question to be studied.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and the bill is recommitted to the Committee on Post Office and Civil Service.

REIMBURSEMENT OF POSTMASTERS OF DISCONTINUED POST OFFICES

The Senate resumed the consideration of the bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

Mr. CARLSON. Madam President, the purpose of the bill which is now before the Senate is to require the Postmaster General, upon the discontinuance of any post office, to reimburse the postmaster of such discontinued post office, on a fair and equitable basis, for any of the fixtures or equipment in such office owned by the postmaster. At the present time there is no provision for reimbursing the postmaster of first-, second-, and third-class offices. Of course, postmasters of fourth-class post offices are paid an allowance for rent, fuel, light, and equipment, in an amount equal to 15 percent of the compensation earned in each quarter. I wish to offer an amendment which eliminates fourth-class offices from the bill, in view of the statutory provisions on the subject. I have discussed this question with the distinguished senior Senator from South Carolina [Mr. JOHNSTON], and I offer the amendment at this time.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, at the end of line 4, it is proposed to strike out the period, insert a comma, and the words "except a post office of the fourth-class."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CARLSON].

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever a post office is discontinued, the Postmaster General shall reimburse the postmaster of such discontinued post office, on a fair and equitable basis, for any fixtures and equipment in use in such post office at the time of discontinuance, which were furnished by such postmaster out of personal funds and which were necessary to the efficient operation of such post office.

SEC. 2. That there is hereby authorized to be appropiated such amount each year as may be necessary to enable the Postmaster General to make reimbursement to postmasters of discontinued post offices under the provisions of this act, except a post office of the fourth class.

ADMINISTRATIVE WORKWEEK AND PAY PERIODS FOR EMPLOYEES IN THE POSTAL FIELD SERVICES

Mr. SALTONSTALL. Madam President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1757, Senate bill 190.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 190) to establish a basic administrative workweek and pay periods of two administrative workweeks for postmasters, officers, and employees in the postal field service, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to consider the bill.

Mr. CARLSON. Madam President, the purpose of the bill is to establish a basic administrative workweek of 40 hours for all postmasters, officers, and employees in the postal field services whose compensation is on an annual basis; to provide that each pay period for such persons shall cover two administrative workweeks, and to establish a formula for converting the basic annual rate of compensation to basic biweekly, weekly, daily, and hourly rates.

The bill was introduced by the distinguished Senator from South Carolina [Mr. JOHNSTON], and it was reported unanimously by the committee.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. The Senator from South Carolina is on the floor at the present time. We discussed the bill previously. There can be no question that when we write postal pay legislation at this session this provision or a somewhat similar provision will be written into the law.

The PRESIDING OFFICER (Mrs. BOWRING in the chair). The bill is open to amendment.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. I am happy to yield.

Mr. GORE. Does the bill mean that if postmasters work in excess of 40 hours a week they will receive additional compensation?

Mr. CARLSON. I would say to the distinguished Senator from Tennessee that that was not the understanding we had in committee. The author of the bill is on the floor.

Mr. JOHNSTON of South Carolina. It is my understanding that the bill will not affect the present law with regard to postmasters.

Mr. GORE. What is the meaning of the bill?

Mr. JOHNSTON of South Carolina. The meaning of the bill is to have postmasters, officers, and employees, like other Federal employees, receive their pay every 2 weeks instead of on a semimonthly basis.

Mr. GORE. What about postmasters?

Mr. JOHNSTON of South Carolina. They will be paid every 2 weeks.

Mr. GORE. On page 2, in section 7 (b), the bill provides:

(b) Where the compensation of any postmaster, officer, or employee is on an annual basis, such compensation shall be regarded as payment for employment during 52 basic administrative workweeks of 40 hours. Each pay period shall cover 2 administrative workweeks.

Does that mean that if a postmaster works for more than 40 hours, he will receive additional pay?

Mr. JOHNSTON of South Carolina. It is my understanding that that provision will not affect postmasters so far as overtime pay is concerned. Postmasters do not receive such overtime pay now. As undoubtedly the Senator from Tennessee knows, a postmaster is paid according to the amount of income in his particular postoffice. The law will be continued in that respect. There will be no additional pay for overtime for postmasters.

I should like to state also that the Comptroller General recommends the bill and that the Post Office Department favors it.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 7 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945 (Public Law 134, 79th Cong.), as amended, is amended to read as follows:

"BASIC ADMINISTRATIVE WORKWEEK AND METHOD OF PAYMENT

"SEC. 7. (a) The Postmaster General shall establish, as of the effective date of this amendatory section, for all postmasters, officers, and employees in the postal field service whose compensation is on an annual basis a basic administrative workweek of 40 hours.

"(b) Where the compensation of any postmaster, officer, or employee is on an annual basis, such compensation shall be regarded as payment for employment during 52 basic administrative workweeks of 40 hours. Each pay period shall cover 2 administrative workweeks.

"(c) Whenever for pay computation purposes it is necessary to convert a basic annual rate to a basic biweekly, weekly, daily, or hourly rate, the following rules shall govern:

"(1) An annual rate shall be divided by 52 or 26, as the case may be, to derive a weekly or biweekly rate.

"(2) A weekly or biweekly rate shall be divided by 40 or 80, as the case may be, to derive an hourly rate.

"(3) A daily rate shall be derived by multiplying an hourly rate by the number of daily hours of service required.

"(d) All rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent."

SEC. 2. The amendment made by this act shall take effect on the first day of the second calendar month following the calendar month in which it is enacted.

PUBLIC INSPECTION OF OPEN ARREST BOOKS KEPT BY THE METROPOLITAN WASHINGTON POLICE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1782, Senate bill 3655.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3655) providing that the Metropolitan Police Force shall keep arrest books which are open to public inspection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to make it clear that I asked that the bill be objected to on the call of the calendar when it was first called up. Since then I have discussed the bill with some persons downtown, particularly with the chief of police. He has no objection to the bill. The bill does not change the present act. It provides that the records shall be kept open. For that reason I am not objecting to its consideration at this time.

As I understand, the bill does not affect juvenile court records. I have been so informed. Am I correct in my understanding?

Mr. CASE. Mr. President, in response to the question which the distinguished Senator from South Carolina has raised, I may say that the proposed legislation does not open the juvenile court records as such. However, if a juvenile is arrested and charged with a crime and that fact appears on the books of the police department, that record would be open to public inspection, as it is now. The bill would not change the law in that respect.

Mr. JOHNSTON of South Carolina. It does not change the law one iota, as I understand.

Mr. CASE. Not in that respect. The reason for the bill is that Corporation

Council West wrote an opinion recently in which he held that the arrest book as of today is not open to public inspection as a matter of law, but only through the discretion of the chief of police. The present chief of police, Mr. Murray, testified before the subcommittee on the pending bill. I may say that the distinguished junior Senator from Wyoming [Mr. CRIPPA] conducted the hearing, during his brief service on our committee, and I may say that he conducted a very fine hearing. He developed in the testimony the following statement from the chief of police:

Mr. Chairman, I am familiar with the provisions of the proposed bill, and I very much favor the bill.

Under the present setup I do not want the discretion, nor the responsibility of saying which arrests shall be made public and which shall be confidential.

I feel that our present system, where we have an arrest book, the names are entered on that, it is open to inspection of the public, is a very good one, and I feel that it should be that way.

I don't think that myself, or any other chief of police, should have the authority and discretion to say that some arrests should be public records and some should be confidential. I don't want that discretion.

The subcommittee reported the bill favorably, and the full Committee on the District of Columbia reported the bill favorably.

The principal testimony on behalf of the bill was given by Mr. J. R. Wiggins, managing editor of the Washington Post and Times Herald. He appeared before the subcommittee not merely in his capacity as a newspaper publisher and an individual citizen of the District of Columbia, but also as the chairman of the Freedom of Information Committee of the American Society of Newspaper Editors. His statement is well worth reading, and it is available at the office of the committee to anyone who is interested in reading his statement in detail.

Mr. President, in conclusion, I wish to say that the occasion of the bill was not the fact that in practice these books have not been open, because they have been open, but the corporation counsel held that they were open merely as a matter of discretion on the part of the chief of police. The bill will keep them open as a matter of law.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That section 386 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4–134), is amended by striking out the word "and" at the end of paragraph (3); by renumbering paragraph (4) as paragraph (5), and by inserting between paragraphs (4) and (5) the following new paragraph:

"(4) Arrest books, which shall contain the following information:

"(a) Case number, date of arrest, and time of recording arrest in arrest book;

"(b) Name, address, date of birth, color, birthplace, occupation, and marital status of person arrested;

"(c) Offense with which person arrested was charged and place where person was arrested;

"(d) Name and address of complainant;

"(e) Name of arresting officer; and

"(f) Disposition of case; and."

SEC. 2. Section 389 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4–135), is amended to read as follows:

"SEC. 389. The records to be kept by paragraphs (1), (2), (3), and (4) of section 386 shall be open to public inspection when not in actual use, and this requirement shall be enforceable by mandatory injunction issued by the United States District Court for the District of Columbia on the application of any person."

EXECUTIVE SESSION

Mr KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WILEY, from the Committee on Foreign Relations:

Clement D. Johnston, of Virginia, to be a member of the Public Advisory Board, Foreign Operations Administration;

Mrs. Helen Chapman, of Illinois, to be a member of the Public Advisory Board, Foreign Operations Administration;

Harold C. McClellan, of California, to be a member of the Public Advisory Board, Foreign Operations Administration; and

Mrs. Percy Maxim Lee, of Connecticut, to be a member of the Public Advisory Board, Foreign Operations Administration.

By Mr. MILLIKIN, from the Committee on Finance:

Merrill D. White, of Florida, to be collector of customs for customs collection district No. 18, with headquarters at Tampa, Fla.

By Mr. HICKENLOOPER, from the members on the part of the Senate of the Joint Committee on Atomic Energy:

Herbert Bernard Loper, of Nebraska, to be chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Robert LeBaron, resigned.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nomination on the Executive Calendar.

POSTMASTER

The Chief Clerk read the nomination of William P. Gray to be postmaster at Pleasant Hill, Mo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

Without objection, the legislative session will be resumed.

LEGISLATIVE SESSION—RECESS TO 2:45 P. M. TODAY

The Senate resumed the consideration of legislative business.

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess until 2:45 o'clock p. m., this day.

The motion was agreed to and (at 1 o'clock and 47 minutes p. m.) the Senate took a recess until 2:45 o'clock p. m. the same day.

On the expiration of the recess, the Senate reassembled and was called to order by the Presiding Officer (Mr. SCHOEPPEL in the chair).

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER

The Senate resumed the consideration of the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Is my understanding correct that beginning at 3 o'clock the Senate will be operating under a unanimous-consent agreement relative to the unfinished business, H. R. 7664?

The PRESIDING OFFICER. That is correct.

Mr. CORDON. Mr. President, I call up my motion to reconsider the vote by which the amendment on pages 4 and 5 of the bill was agreed to.

The PRESIDING OFFICER. The clerk will state the motion.

The LEGISLATIVE CLERK. A motion by Mr. CORDON to reconsider the vote by which the committee amendment to the bill (H. R. 7664) appearing on page 4, beginning on line 12, was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the senior Senator from Oregon.

Mr. CORDON. Mr. President, I have been engaged in other matters off the floor. I had the understanding that no amendments were to be considered until 3 o'clock today. That was my mistake; it is the fault of no one else. It is one of those things which happen in the last period of any session, when we are trying to handle, in 1 hour, matters which

I believe, might well take a day or two, and the country would be better off.

For several reasons, I have moved to reconsider the vote by which this amendment was agreed to. If the motion to reconsider be agreed to, I shall move to amend the amendment by an insertion and a deletion.

I call attention, first, to the language of the amendment, beginning on page 4, line 12:

> Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administration at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior.

I end the quotation without reading the entire amendment, because the first matter to which I desire to call attention is included within that sentence. I call attention now to the first clause:

> Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area.

Above that language there appear, in connection with a proviso, in line 8, after the words "power marketing agencies," and in parentheses, the words "public or private."

That parenthetical explanation does not appear in line 13; consequently, power which might be made available for purchase by Bonneville might be surplus solely because private agencies cannot purchase it.

Mr. President, I wish to say, first, that I am in favor of the Priest Rapids bill. I want to see it passed. But I desire to be sure that those who are going into a partnership with the Federal Government will have an opportunity to make this project work. If they are to have that opportunity, and if they are to secure the necessary financing, it will be necessary for them to seek any and every marketing agency that can be found.

It is estimated that the Priest Rapids plant will cost $364 million and will initially consist of 23 53,000-kilowatt generators, which initially will provide 1,219,000 kilowatts of power. It is proposed to ultimately increase that amount to a total of 1,590,000 kilowatts of power. There will have to be a tremendous market for power if that amount of power is to be sold within any given marketing area by a local agency. Consequently, that agency cannot be denied any outlet, anywhere, and at the same time hope to have the operation financially successful.

The PRESIDING OFFICER. If the Senator from Oregon will suspend his statement, the Chair desires to inform the Senator that the hour of 3 o'clock having arrived, the unanimous-consent agreement is in effect, and the time is now controlled.

The senior Senator from Oregon has 15 minutes on his motion, and the Senator from Connecticut [Mr. BUSH] will control 15 minutes.

Mr. CORDON. How much time does the Senator from Oregon now have?

Mr. BUSH. Fifteen minutes.

Mr. CORDON. Very well.

The PRESIDING OFFICER. How much time does the Senator from Oregon yield to himself?

Mr. CORDON. The Senator from Oregon yields to himself whatever time he needs up to 15 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Oregon may proceed.

Mr. CORDON. In view of the fact that an extremely large amount of power is to be generated, in view of the fact that the necessity exists to furnish the widest possible market outlet, in view of the fact that in the division of power generated at Bonneville it is distributed on the basis of 70 percent in Washington and 30 percent in Oregon, although the population ratio as between the 2 States is 60–40 in favor of Washington, and in view of the further fact that studies with reference to current contracts indicate that in 12 years Washington will be receiving 83 percent of the power and Oregon 17 percent, it becomes a matter of very grave importance to the State of Oregon that some equitable arrangement be worked out for the distribution of hydroelectric power, which generally in that area is known as a very low-cost product, and which is essential to the economic development of the whole Pacific Northwest.

Mr. President, in the first place, if my motion prevails, with respect to the non-Federal marketing agencies described in lines 13 and 14 of page 4 of the bill, I shall propose to add after the word "agencies" in line 14, the words "public or private," in order that there can be no question about the agencies being exactly the same as those mentioned earlier on the same page.

Mr. President, I now go to the next question. The committee amendment contains a provision that if power is surplus to the requirements of the licensee—which in this case would be a public body in the area—and is not needed by other marketing agencies, which, if my amendment were adopted, might be either public or private in either State, it will be available for purchase "by the Bonneville Power Administration at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior."

Then follows a provision which puts into the bill the same principle of operation which was in effect in the Southwestern Power Administration's operation, and which the Congress has refused to approve time after time after time. That provision is:

> The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937, as amended, to purchase such power. Such power may be co-mingled with power from Federal dams—

And so forth. The continuing fund was created for the purpose of permitting the Administrator of the Bonneville Power Administration to defray emergency expenses and to insure continuous operation, and for no other purpose.

I now read the language which authorizes the creation of a continuing fund.

> All receipts from transmission and sale of electric energy generated at the Bonneville project shall be covered into the Treasury of the United States to the credit of miscellaneous receipts, save and except that the Treasury shall set up and maintain from such receipts a continuing fund of $500,000 to the credit of the Administrator and subject to check by him, to defray emergency expenses and to insure continuous operation.

That is all of the particular paragraph which is pertinent to this discussion. A fund has been established by statute. The act has fixed the amount as $500,000, but it might just as well be $5 million or $50 million. It is in reality unlimited in amount, and may be used, according to the language of the committee amendment now under discussion to whatever extent the Bonneville Power Administrtator may want to use it to buy power from the Priest Rapids project. Under this language, the fund could be used to purchase the total output of the Priest Rapids dam. The fact is that the output from the dam will probably cost substantially more than the output being sold from Bonneville. Under the amendment, a public or private agency could build a dam, sell the entire output to Bonneville, and then buy it back from Bonneville to its own profit. That sort of thing could happen under the terms of the committee amendment.

I have no objection to the purchase by Bonneville of excess power from the generation at Priest Rapids or anywhere else, so long as the particular transaction is handled after careful consideration. I say that my statement cannot be controverted, that at the present time there is no provision in any law which permits Bonneville Power Administration to do anything but sell power generated by the Federal Government. Under its general business authority, it is entitled to deal with other electric generation plants and through exchange accounts to effect a Federal and non-Federal pool, as it does. Thence the power can flow to marketing centers. That is the reason why today the Northwest Power Pool has come to be the outstandingly successful example of cooperative voluntary pooling and distribution of power in the country. But here for the first time is a proposal to authorize the Bonneville Power Administration to go into the business of wholesale purchase and resale of power, purchasing it at a higher price for a very considerable time to come than the price at which it will resell the power.

Whatever is done, the continuing fund should be left inviolate for the purposes for which it was created. Being a continuing fund, and being replenished from receipts just as rapidly as money is expended for any purpose, more money is poured in to keep the level always at $500,000. If $1 is spent, $1 is put back. If $500,000 is spent, $500,000 is immediately returned. The only limit on the continuing fund, as a basic proposition, is the gross receipts of the Bonneville

Power Administration. That is not true so far as the pending amendment is concerned, because the bill provides authority for the purchase of the particular power from the specified installation. A sound appropriative procedure would require that appropriations be made for the purchase of this or any other power, or any other thing, or the doing of any other act by Bonneville Power Administration, or by any other agency of Government whatsoever. This is not a question of public versus private power. It is a question of sound law and sound business administration in Government.

For that reason, Mr. President, I offer my motion to reconsider the vote by which the amendment was agreed to; and I offer the motion with a view to correcting the amendment in the two particulars I have mentioned.

Mr. BUSH. Mr. President, will the Senator from Oregon yield for a question?

Mr. CORDON. I am glad to yield.

Mr. BUSH. First, Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. The Chair stated that the Senator from Oregon was in control of 15 minutes and that I was in control of the other 15 minutes. However, I am in support of the motion of the Senator from Oregon to reconsider the vote by which the committee amendment was agreed to. So I wish to inquire in whose time I may make a few remarks.

The PRESIDING OFFICER. The time on the other side will then revert to the minority leader.

Mr. BUSH. I see that my distinguished friend, the Senator from Washington [Mr. MAGNUSON], is acting in behalf of the minority leader. So if it is agreeable, I ask unanimous consent that he have control of the other 15 minutes.

Mr. MAGNUSON. Mr. President, I am glad to yield to the Senator from Connecticut as much time as he wishes, for I desire to speak for only 3 or 4 minutes.

Mr. BUSH. Mr. President, will the Senator from Washington yield several minutes to me?

Mr. MAGNUSON. I yield.

Mr. BUSH. I simply wish to say that I am in support of the motion to reconsider, as offered by the Senator from Oregon [Mr. CORDON]. I was never in favor of the amendment in the committee, even though the committee approved the amendment by a good majority. I certainly urge all Senators who now are within range of my voice, or all Senators to whom I may be quoted, to vote in favor of the motion to reconsider.

Mr. KUCHEL. Mr. President, will the Senator from Oregon yield to me?

Mr. CORDON. I yield.

Mr. KUCHEL. Do I correctly understand that the intention of the Senator from Oregon is to eliminate from the bill the language appearing on page 4, beginning in line 12? I refer to the language there appearing in italics.

Mr. CORDON. No. If the pending motion to reconsider prevails, I intend to offer first, an amendment to the committee amendment on page 4, namely, in line 14, on page 4, after the word "agencies", to add, in parentheses, the words "public or private." I think there is no objection to such an amendment to the committee amendment.

My next amendment to the committee amendment is, on page 4, beginning in line 20, with the word "The," to strike out the remainder of the page, ending in line 23 with the words "to purchase such power."

As thus amended, the committee amendment will require that an appropriation be made for this purpose, as is required for all other purposes in connection with Government administration.

Mr. KUCHEL. However, as the committee amendment would thus be amended, the remaining language of the amendment would be in the nature of a permissive right for Priest Rapids Dam to sell and for Bonneville to buy, if mutually agreeable, any surplus power; is that correct?

Mr. CORDON. That is correct, except I intend to discuss with the Senator from Connecticut [Mr. BUSH], what is meant by the term "power surplus to the requirements of the licensee." But I am quite sure that the committee intended that term to mean such power as remains after the licensee has used all of the power from these sources, as may be needed for its own use. If that is what that term means, I have no objection whatever to it. However, I think that explanation should appear in the RECORD, as a result of statements made on the floor, in view of the possibility of subsequent judicial consideration, if the matter ever comes to that point.

Mr. KUCHEL. I cannot state the reasons which impelled the committee to adopt that portion of the amendment, as offered by the Senator from Washington. But speaking for myself, I can say I have a distinct recollection that the Senator from Washington suggested to the committee that at the present time there is no authority of law for Bonneville to make such a purchase, and he wished to have the bill provide permissive authority for Bonneville to make the purchase, if it were entirely agreeable to the Administrator of the Priest Rapids Dam or Authority to sell the power. In other words, the question was entirely one of providing a right which might be used on a permissive basis, if both parties so desired.

Mr. CORDON. Mr. President, I yield the floor.

Mr. MAGNUSON. Mr. President, I wish to say to the Senator from California that what he has stated is exactly the purpose of the language. The amendment suggested by the Senator from Oregon goes to the committee amendment which would amend the Bonneville Act.

The reason for the inclusion of this part of the committee amendment is that if there is available power, we desire to have the entire Pacific Northwest have an opportunity to use the power, if it wishes to do so. It may be it will not wish to use it, or it may be that the licensee and the Bonneville Authority would not wish to take it; but that is the purpose of this language.

I do not understand the purpose of the proposed inclusion of the words "public or private." We say it is permissive, if Bonneville wishes to buy it. If Bonneville buys it, Bonneville can sell it either publicly or privately, as it may wish.

Mr. CORDON. Then does the Senator from Washington have any objection to including the words "public or private"?

Mr. MAGNUSON. I always object to including unnecessary words, if their purpose is not understood. All too often in the past we have found that wording of that sort may eventually be found to mean what we do not wish it to mean. So I see no reason for including those words.

Furthermore, all the committee amendment does, by means of the last 3½ lines on page 4 of the bill, is to amend for this purpose section 11 of the Bonneville Project Act, and thus to give the Administrator the right to use funds in the continuing fund established under that section of the Bonneville Project Act. I see no reason for changing that part of the committee amendment.

I cannot quite understand why at the last moment the Senator from Oregon wishes to make these changes in the committee amendment. Even his explanation is incomprehensible to me. Perhaps I am not as well versed on power problems in our area or on the Bonneville Act as is the Senator from Oregon.

So far as opposition to the purpose of the amendment is concerned, that is an entirely different matter. There is no question that some of the members of the committee were opposed.

Offhand, I see no objection to adding the words "public or private," because those who will constitute the management of the project will wish to sell the power wherever they can. But they would have that right now, anyway.

Mr. JACKSON. Mr. President, am I to understand that the purpose of the amendment the senior Senator from Oregon intends to offer to the committee amendment, if the motion to reconsider is agreed to—namely, to add the words "public or private"—is to define more carefully non-Federal marketing agencies?

Mr. CORDON. Certainly.

Mr. JACKSON. And nothing else?

Mr. CORDON. Nothing else.

Mr. JACKSON. And non-Federal marketing agencies are both public and private, of course; I think there can be no question about that.

Mr. CORDON. I noticed in line 8, on page 4, the words, in parentheses, "public or private"; and since it was felt necessary to make that provision at that point, I wished to have it made below, at the point to which I have referred.

Mr. JACKSON. If that is the purpose, I see no objection.

Mr. MAGNUSON. The purpose of the Senator from Oregon is to add those words in line 13, on page 4; is that correct?

Mr. CORDON. No; in line 14, on page 4.

Mr. MAGNUSON. After the word "agencies"?

Mr. CORDON. Yes.

Mr. MAGNUSON. I see no objection to that.

Mr. CORDON. I did not believe the Senator from Washington would see any objection to it, and I so suggested in the course of my argument.

Mr. MAGNUSON. But I still cannot understand why it is necessary to add those words.

Mr. CORDON. I have already stated why it is necessary.

The PRESIDING OFFICER. If no further time is desired, the question is on agreeing to the motion of the Senator from Oregon to reconsider the vote by which the committee amendment was agreed to.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington will state it.

Mr. MAGNUSON. I understand that the Senator from Oregon has moved to reconsider only for the purpose of subsequently offering to the committee amendment the two amendments he has suggested.

Mr. CORDON. I have made a perfectly clear statement of my purpose, and that is the purpose.

I also added that I intended to make certain inquiries; and what I do thereafter will depend upon the answers to the inquiries.

Mr. MAGNUSON. Inquiries about the committee amendment?

Mr. CORDON. Yes.

Mr. MAGNUSON. I understand that the motion is limited to the so-called committee amendment which was adopted on Saturday.

Mr. President, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon [Mr. CORDON] to reconsider the vote by which the committee amendment beginning on line 12, page 4, was agreed to.

The motion to reconsider was agreed to.

Mr. CORDON. Mr. President, I now move that the committee amendment, as it appears on pages 4 and 5 of the bill, be amended in the following respects:

After the word "agencies," in line 4, to include in parentheses the words "public or private."

Mr. BUSH. Mr. President, would the Senator from Oregon care to state his amendments one at a time?

Mr. CORDON. That is what I was about to do.

The second amendment has to do with the same committee amendment. I ask unanimous consent to offer them separately.

The PRESIDING OFFICER. The Senator does not need unanimous consent.

Mr. CORDON. Very well. I offer the first amendment, which is the addition, in parentheses, after the word "agencies", in line 14, of the words "public or private."

Mr. BUSH. Mr. President, I hope that amendment will be accepted without objection.

Mr. CORDON. If there be no further argument on either side, I am prepared to yield back the remainder of my time.

Mr. MAGNUSON. I am willing to accept the "public or private" revision.

Mr. BUSH. That is the pending question.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON] to the committee amendment on page 4, line 14.

The amendment to the amendment was agreed to.

Mr. CORDON. Mr. President, I move that the same committee amendment be further amended by striking out the sentence beginning in line 20, on page 4, with the word "The", and ending at the end of line 23, on page 4, striking out the following language:

> The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937 (50 Stat. 731), as amended, to purchase such power.

This is the provision which permits the Administrator of the Bonneville Power Administration to use funds in the continuing fund to purchase power. I am opposed to that sort of provision anywhere in any of the activities of the Government. It is a power without limit, so far as the Congress is concerned.

I now invite attention to 1 or 2 things which might happen. I wish particularly to emphasize to the Members of this body that when we test the language of a statute we test it by a consideration of what may be done under it, not what should be done, or even what is being done. If there is any canon of statutory construction that is sounder or more accurate than that, I do not know what it is. Consequently, when I look at this language I test it by the rule of what could be done under the language.

Mr. President, what could be done were this language to remain in the bill? Among other things, at any time after the dam were constructed and in operation in charge of the licensee, if the licensee so desired it might offer any or all of its power to anyone; and after such offers were accepted it might then make a contract for any period of time with the Bonneville Administration for the remainder of such power, at a price then to be determined; and thereafter neither public nor private agency would have any opportunity to purchase such power.

Let me make an answer to my own argument, for a moment, because I want the entire picture to be before us. For a very considerable period of time the contingency which I have mentioned is meaningless, because until such time as the Bonneville rates reach the point where they are equal to the rates which would have to be charged for the power generated at Priest Rapids, no one would want to buy the Priest Rapids power if he could buy Bonneville power.

However, it will not be long before the rates of Bonneville will have to go up, step by step, because from now on every multiple-purpose project in the Pacific Northwest that I know anything about will cost far more than did either Grand Coulee or Bonneville. The result will be that the rates for Bonneville power must go up if there is to be repayment to the Federal Treasury. I, for one, so long as I can speak or act, will do everything within my power to keep the Bonneville Power Administration solvent, so far as repayment to the Federal Treasury is concerned.

Therefore the time may come when it may be feasible to do the thing I have suggested, namely, make this sale to the Bonneville Power Administration for a long period of time, and in so doing, cut off any possibility of any other sale to any other body. That is one thing. The other I have already discussed.

In my opinion there should never be granted to any Federal agency or any officer of Government unlimited power to spend money without accountability. In my opinion, if we are to establish any agency we should require the agency to come to the Congress and justify its expenses and have those expenses appropriated for, as every other item of expense is appropriated for. The Senate operates on that basis. The President's Office operates on that basis. Every other agency of Government that I know anything about operates on that basis, with a rare exception such as Bonneville, with respect to which a fund is established, but with specific yardsticks which limit the purpose for which expenditures may be made. That is the case with the Bonneville continuing fund. It may be used for emergency repairs to insure continuous operation. It may be used for no other purpose.

When I move to strike this particular sentence, I move simply to make the committee amendment come within generally established rules of Government operation in the appropriative process.

Mr. MAGNUSON rose.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Again, I think the acting minority leader [Mr. MAGNUSON] should control the time of the opposition, because I stand in support of the amendment of the Senator from Oregon.

The PRESIDING OFFICER. The acting minority leader will control the time in opposition.

How much time does the Senator from Washington yield to himself?

Mr. MAGNUSON. I yield myself 10 minutes.

Mr. President, in drafting this amendment we tried to word it so that its effect would be exactly the same as that suggested by the Senator from Oregon. I think we are all in agreement. We want as businesslike an operation as we can get. In drafting the amendment we deliberately included the words "Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system."

If this power is to cost too much, it will not be economically usable in the Federal system. As I understand the Bonneville Act, a section of which is incorporated in this bill, contracts are made only from year to year.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MAGNUSON. What I mean is that private utilities make contracts on only a year-to-year basis. Some of them are continued if it is economically wise to continue them. All we are trying to say is that the pool may get the benefit of some of the surplus power in Oregon, Washington, or wherever the pool goes, if it is economically wise.

I think the Bonneville Administration would be somewhat hamstrung, if it deemed it wise to purchase this power, unless it could do so under the provisions of section 11 of the Bonneville Act, which we incorporate in the bill. Its purposes would be hamstrung. I do not believe that the Bonneville Administration will buy power at rates very far out of line with what its postage-stamp rate is to be throughout the area. The bill merely provides that it may or may not purchase such power, according to its needs and what it wishes to do.

Mr. JACKSON. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield.

Mr. JACKSON. Is it not true that this particular provision of the amendment would have the effect of aiding the local public-utility district to dispose of their revenue bonds by providing a firm method of marketing the power? The committee amendment, which has been approved, would have the further purpose of making it possible for Bonneville to enter into long-term contracts, rather than contracts on a year-to-year basis. If the Bonneville Administration is compelled to come to Congress each year in order to dispose of the power, the people who are buying revenue bonds will not be very happy.

On the other hand, this provision in the amendment will firm up the salability of the revenue bonds. It will make it possible for the power to be sold in accordance with the provisions of the Bonneville Act. I think that is a wise provision in the bill.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BUSH. My observation, in reply to the Senator's statement, is that the amendment is purely permissive, anyway. Certainly no one will buy the revenue bonds unless he believes that the area in which the power is generated will take the power. I cannot believe that anyone would buy a bond dependent upon the possibility that the Bonneville Administration might take some power. Therefore, I do not believe that argument is valid.

Mr. JACKSON. The distinguished senior Senator from Connecticut is very well experienced in this field. I should like to ask him this question: Would he like to sell some revenue bonds in connection with which he was advised in advance that the developers of the project would have a long-term Federal contract for the sale of power, or would he prefer to be advised that the developers had a contract with the Federal Government but that the contract could be terminated each year? How would he advise his clients?

Mr. BUSH. I think a Federal contract would make a very good basis for the sale of revenue bonds, but it is not the only basis on which revenue bonds are sold.

Mr. JACKSON. Would not that basis greatly increase the marketability of the bonds?

Mr. BUSH. A permissive clause in the bill allowing the sale of surplus power will have no effect whatever on the value the market will place on these revenue bonds. The market will judge the bonds and price them on the basis of what they are worth in the area involved, assuming that all the power will be used in that area. A permissive amendment will not hurt the bonds, and neither will it help them.

Mr. JACKSON. Is it not true that with a permissive provision the people who would sell the bonds would probably suggest that perhaps a contract should be entered into with Bonneville, and might even require that the contract be entered into prior to the marketing of the bonds? Therefore, if there has been entered into between the licensee and the Bonneville Power Administration a contract, which is on a long-term basis, not limited to a year-to-year basis, the marketability of the bonds will have been enhanced substantially?

Mr. BUSH. My only observation in reply is that the amendment offered by the senior Senator from Oregon will not involve the marketing of power.

Mr. JACKSON. But the developers would have to come to Congress each year for an appropriation, and it would mean that the contract would contain a sort of condition subsequent, in that it could, in effect, be terminated by lack of appropriations. Certainly, if I were counsel for the banking house issuing the bonds I would not place too much value on a provision in a contract which would make the developer go back to Congress each year.

Mr. BUSH. I am sure that neither counsel nor the bank would place too much confidence in a permissive provision such as this.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I believe the Senator is correct. The reason for the whole section was to firm this matter up, in case Bonneville could use the power and could purchase it and place it in the pool. The second reason for the amendment was to make certain that there would be distribution of the power in Oregon, Idaho, and throughout the whole Bonneville pool area. What we are doing is incorporating section 11 of the Bonneville Act of 1937, as amended.

I believe, if long-term contracts can be made and are desirable—whether they would be desirable in this case, I do not know—it is advisable to have them made. Bonneville has entered into 20-year contracts with private utilities in our area. I believe the effect of the amendment offered by the senior Senator from Oregon would seriously hamstring the ability of the public utility district to finance the project. I would like them to be successful. I am afraid the amendment would hamstring them in trying to finance the project.

Mr. BUSH. I observe in that connection that that fact did not influence the public utility district. The district did not ask for this amendment. The Secretary of the Army, the Corps of Army Engineers, the Bureau of the Budget, the Federal Power Commission, and the House of Representatives all felt that this amendment was unnecessary. Therefore I am not impressed, frankly, with the thought that the amendment of the Senator from Oregon to the amendment would greatly imperil this project. I do not understand how it would imperil it at all.

Mr. MAGNUSON. Mr. President, I have discussed this amendment at great length with the people who are involved in this project. They agree that it would make the bill a much better bill and give them a much better opportunity. I suppose that in the House the amendment was not thought of, but it was discussed and approved and recommended by those who are interested in trying to build the project.

Mr. MORSE. I should like to speak for 2 or 3 minutes.

Mr. MARTIN. Mr. President, how much time is available?

The PRESIDING OFFICER. The senior Senator from Oregon has 9 minutes remaining, and the senior Senator from Washington has 5 minutes remaining.

Mr. MAGNUSON. Mr. President, I yield such time as the junior Senator from Oregon may require.

Mr. MORSE. I shall take only a few minutes. I wish to say that I made my argument against this bill on Saturday at some length. I closed my argument by saying that in my judgment we have before us a hodgepodge bill. What we are doing on the floor of the Senate today is further evidence of it.

I opposed the amendment in committee, Mr. President because I felt then it was an exceedingly poor bill. My votes were first cast by proxy and for the amendments. Later, after the proxy votes had been cast, I arrived in the committee room before the final votes were cast on the amendments. I then voted against all amendments to the bill. No amendment could make this a good bill.

I wish to say most respectfully that in my judgment this bill marks the beginning of the end of public preference if it becomes the pattern. I believe in the end, if the project is built at all, it will be built not by the Grant County PUD for its purposes but by another agency for the benefit of private utilities. I say that because I do not believe that the Grant County Public Utility District will ever be able to sell the revenue bonds to finance this project unless the Bonneville Authority has the right to buy the surplus power. If the Bonneville Authority is to have that right then we should provide it with the authority to contract for surplus power without coming to Congress on each purchase.

My colleague [Mr. CORDON] is quite right. I know of no act in which this particular preference language is used, but neither do I know of any situation comparable to this one. Priest Rapids Dam as provided in this bill as I pointed out Saturday, is an exception to the whole Federal development program in the Pacific Northwest.

If preference is to mean anything, or if the Bonneville Power Administration is to have any authority to purchase surplus power for the benefit of the region and the Bonneville system, we provide for a continuing fund, which Bonneville can use for the purchase of power. As I understand it, the two Senators from Washington seek by the language of their amendment to provide Bonneville with such authority.

Therefore, we come to grips with the question whether it will be necessary for Bonneville to come back each year to Congress for an appropriation to buy surplus power from this dam. If we subject Bonneville to that political requirement each year, then we might as well turn over this dam to the private utilities now. In my judgment, the opposition to this amendment is part of the private utilities program. It is an attempt on the part of private utilities to put themselves in a position to buy the power at dump prices. I believe that is what will happen. We shall end up with a great block of power which will be surplus power. That will pave the way for an intensive drive by private utilities to buy the power at dump prices, and the blocking of the Federal Government, by political votes within the Congress, to the purchase of the power by Bonneville. Unless we agree now as a matter of policy that Bonneville shall have a continuing fund from which surplus power from this dam can be bought for the benefit of the Bonneville system, in my judgment, the situation will be such that there will be another handout to the private utilities.

I believe the Senator from Washington [Mr. MAGNUSON] is right when he points out that the purpose of the amendment is to put Bonneville in such a position that it will be on a competitive level with private utilities and in a position to buy power at reasonable costs for the use of the Bonneville system. There is no question about the fact that my colleague is right when he points out that the bill contains language which inaugurates a new policy, as, indeed, the whole bill does. That is why I am against the whole bill. The new policy is bad.

Mr. CORDON. Mr. President, I invite attention to the fact that while the language of this amendment provides for the sale only of power surplus to the licensee and surplus to other agencies who might buy for resale, they expect to have the contract with Bonneville made before either has an opportunity to purchase anything, because there must be a contract in being if we are going to finance a project running into hundreds of millions of dollars. Consequently, the purpose of the committee amendment is to permit the licensee to take a license from the Federal Government, get a contract for the sale of the power to Bonneville, and use that as security for the bond sale. Yet the language provides for power surplus to the licensee and other agencies, public or private.

That indicates the basic purpose of the amendment. I have said, Mr. President, that I shall not oppose the amendment. I had no idea that it was going that far, but I shall not oppose it. I urge, again, the adoption of the amendment which I have offered to take out the continuing funds. Senators talk about the sale of power to Bonneville at a reasonable price. Anyone knows that the power must be sold to Bonneville at a rate which will permit the retirement of the bonds. That means that when we talk about the price being not more than the price at which the licensee will sell to other marketing agencies, it means at that price. This is true because if they did not get that amount, the amortization, maintenance, and depreciation could not be met. Consequently, there can be no diminution in price, and Bonneville will be paying as much for the power as will the marketing agencies who are brokers of power.

The only way Bonneville can sell the power is to pay a premium when it buys the power and lower the price by spreading it among other agencies. That is what is intended to be done under the amendment as it stands. The continuing fund, Mr. President, was not intended for this purpose, and it should not be used for this purpose.

Mr. President, I submit the balance of my time.

Mr. MAGNUSON. Mr. President, I yield a minute to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I believe the difference between the two Senators from Oregon is over the question of the power of the licensee. I think I understand the bill. I hope my understanding of the power of the licensee is correct. If it is not, then the bill is even worse than I thought it was, and it is bad enough. As I look upon the power of the licensee, it will be not only for the needs of its immediate consumers of the Grant County Public Utility District, but also those with whom it makes contracts for the sale of power. If it does not mean that, then the bill is even worse and even more confused than I thought. The licensee who builds the dam may find itself with a considerable block of dump power. I think that it what it will have for a good many years. It will have quite a bit of dump power.

I raise the question as to what is to be done with the dump power. I wish to see Bonneville placed in such a position that it can get that dump power for the benefit of the whole Pacific Northwest, and throw it into the Bonneville pool. I wish to see it in a position where it can protect the purposes of the Bonneville act and take the power for regional integration purposes.

If we do not place Bonneville in the position to use continuing funds for that purpose, then it will have to come back to Congress where, by political juggling, the decision will have to be made whether funds shall be available for that purpose. But, in the meantime, the private utilities will demand an opportunity to take the power, and the argument will be, "Here are the private utilities; they are perfectly willing to take the power." The argument will run about like this: "They want the power, and they should be allowed to take it at the dump price." In my judgment, the people of the Northwest will suffer as a result of that kind of a program because the private utilities will buy the power cheap and sell it dear. Bonneville will lose it for pooling purpose. I think this bill is a blow to cheap power.

Mr. MAGNUSON. Mr. President, I think I have a minute left.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MAGNUSON. I gave it all to the Senators who are in opposition.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. CORDON]. [Putting the question.]

Mr. MORSE. I ask for a division, Mr. President.

The PRESIDING OFFICER. A division has been requested.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Had the Senator from Oregon yielded his time?

Mr. CORDON. Yes, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object—on this quorum call I understand that the Senator from Washington [Mr. MAGNUSON]——

The PRESIDING OFFICER. The Chair advises the junior Senator from Oregon that the question is not debatable.

Mr. MORSE. A unanimous-consent request was made, to which I reserved the right to object. Certainly I can speak under that reservation.

The PRESIDING OFFICER. The Senator can again suggest the absence of a quorum, but he cannot debate this question.

Without objection, the unanimous-consent request is agreed to.

Mr. McCARRAN. Mr. President, the Senator from Oregon reserved the right to object.

The PRESIDING OFFICER. The question is not debatable.

Mr. McCARRAN. I object to the rescission of the order for a quorum call.

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	George	Millikin
Anderson	Gillette	Monroney
Barrett	Goldwater	Morse
Beall	Gore	Mundt
Bennett	Green	Neely
Bowring	Hayden	Payne
Bridges	Hickenlooper	Potter
Bush	Ives	Purtell
Butler	Jackson	Reynolds
Byrd	Johnson, Colo.	Robertson
Carlson	Johnson, Tex.	Russell
Case	Johnston, S. C.	Saltonstall
Chavez	Kennedy	Schoeppel
Clements	Kilgore	Smathers
Cooper	Knowland	Smith, Maine
Cordon	Kuchel	Smith, N. J.
Crippa	Langer	Sparkman
Dirksen	Lehman	Stennis
Duff	Lennon	Symington
Dworshak	Long	Upton
Ervin	Magnuson	Watkins
Ferguson	Malone	Welker
Flanders	Mansfield	Williams
Frear	Martin	Young
Fulbright	McCarran	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Oregon [Mr. CORDON].

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAGNUSON. Mr. President, I have an amendment at the desk, identified as 7–10–54–B, which I now call up. It is offered by me for myself and my colleague [Mr. JACKSON].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, beginning in line 5 with the word "and", it is proposed to strike all down through line 12, ending with the word "thereto;" and insert the following:

Upon the same terms and conditions as power is offered for sale by the licensee in the State of Washington except that all such interstate sales shall be made in accordance with the preference requirements of section 5 of the Flood Control Act of December 22, 1944 (58 Stat. 887). The licensee shall cooperate with agencies in such States to insure compliance with such terms, conditions, and requirements. In the event of disagreement between the licensee and the power marketing agencies (public or private) in any of such neighboring States, the Federal Power Commission may determine and fix the power capacity and power output which shall be offered for sale to such agencies in accordance with the provisions of this subsection.

Mr. MAGNUSON. Mr. President, I yield myself 2 minutes.

My proposed amendment, which is known as the preference clause, was submitted to the committee by my colleague, the junior Senator from Washington [Mr. JACKSON], and myself, and was voted on by the committee. The committee was quite sharply divided on the question of whether or not the preference clause should be placed in the bill. All the amendment proposes to do is incorporate into the bill a preference clause similar to that which has been a part of the Flood Control Acts passed by Congress on many occasions, and specifically in this case, the Federal Control Act of 1950.

I personally believe the bill would be a much better bill if the preference clause were added. My colleague and I feel quite keenly about it, as do several of the persons involved in the proposal. We discussed the matter with representatives of the Grant County Public Utility District and other districts concerned, and they, too, felt that the preference clause would be satisfactory, as far as the bill is concerned.

I wish to be fair. As I have told members of the committee, I think, as a practical matter, probably the power will be sold in accordance with the practice now in vogue in the sale of power by public-utility districts in our State, which pretty much follow the preference clause. I would say the importance of the preference clause in the pending bill is that if the power were sold outside the State of Washington and became involved in interstate commerce, as it undoubtedly will be, it would be desirable to have a preference clause in the law.

The question was discussed at great length on Saturday; it was discussed in committee, and I have nothing further to say with regard to it. I hope the amendment will be agreed to.

Mr. CORDON. Mr. President, I rise in opposition to the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The Senator from Connecticut controls the time.

Mr. BUSH. How much time does the Senator from Oregon desire? I wish to hear him.

Mr. CORDON. I apologize to the Senator who is in control of the time, and ask that he yield me 5 minutes.

Mr. BUSH. I yield 5 minutes to the Senator, or longer, if necessary.

Mr. CORDON. Mr. President, I rise in opposition to the amendment, and call the Senate's attention to the fact that the preference clause has already been conferred upon the public-utility district. The license to general power will, in its entirety, go to a public body. Now it is desired to add to the provisions of the bill a second preference, and hogtie the licensee so it cannot do the job which we are offering it a legal opportunity to do.

In the Senator's own State of Washington exist 2 of the outstanding municipal electric-utility concerns in the United States, 1 at Tacoma and 1 at Seattle. Neither of those utilities are tied by any such clause.

Mr. President, in those areas private industry uses the power generated and sold by those utilities, and as a result of that situation there exist the large payrolls in the city of Tacoma, the city of Seattle, and the rest of the vast area around Puget Sound. I am pleading in the Senate today that the licensee be given an opportunity to make good. It must have the right to sell its power wherever it can sell it, to whosoever can be found to purchase the power.

If the artificial issue of public power versus private power is again mentioned, which is a shibboleth which is kicked around here, I call attention to the fact that in my own State 85 percent of the power is distributed by private utilities, and only 15 percent by public bodies. How will the State of Oregon share in any of the power to be generated, if the preference clause is made a part of the bill, remembering that Bonneville has that preference, and that the industries, the people, the city of Portland, and the vast metropolitan area, extending through my hometown of Roseburg, through Klamath Falls, Medford, wherever industries are located, get their power through private utilities. It is immaterial to me whether they get the power through public or through private utilities, but I do not want any selling agency hamstrung, so that it cannot sell power to the industries that furnish employment to the people of Oregon and to the marketing agencies which furnish the power to the great majority of the rural and domestic consumers of my State.

Mr. JACKSON. Mr. President, will the Senator from Oregon yield to me?

Mr. CORDON. I yield.

Mr. JACKSON. Is it not true that today the Portland Electric Power Co., a private utility, obtains two-thirds of all its power from Bonneville? The truth is that the preference clause has not hurt the private utilities of the area in Oregon.

Mr. CORDON. The Portland General Electric Co. also is handcuffed, and there is no opportunity for that company to do much, because it does not have a contract which guarantees that it will have power long enough to enable it to finance anything. Until contracts can be let for a period of time sufficient to enable the company to guarantee power to its customers, the company will not have customers of the kind to which I have referred.

Mr. JACKSON. Is it not true that the Portland Electric Power Co. is obtaining from the Bonneville Power Administration two-thirds of all the power it is selling?

Mr. CORDON. In my opinion it is more than that; it is getting most of it from the Bonneville Power Administration.

Mr. BUSH. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Connecticut has 12 minutes remaining.

The Senator from Washington has 2 minutes remaining.

Mr. BUSH. Mr. President, I yield myself up to 5 minutes, if I need it. I wish to reserve some time.

Mr. President, I desire to support very strongly what the senior Senator from Oregon [Mr. CORDON] has said about the pending amendment, and to urge the Senate very strongly to vote it down.

The amendment refers to the Flood Control Act of December 22, 1944. If I am not incorrect, I believe it applies to federally owned and operated dams. The dam at the Priest Rapids site will not be federally owned and operated, but it will be operated by a public utilities district created by law in the State of Washington. Our good friends on the other side of the aisle have assured us that the law is a good one and that there is good administration of the public utilities there. Certainly that is all to the good, Mr. President. But under those circumstances, for the Federal Government to have anything to say about the handling of the power and where it will be sold, would seem to me to be an absolutely unwarranted intrusion of the worst kind.

So I certainly hope the Senate of the United States will not permit a provision for anything of the sort to get into the bill.

Mr. President, I reserve the remainder of my time.

Mr. MAGNUSON. Mr. President, I yield 2 minutes, or whatever time remains to me, to the junior Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I need only a few minutes.

As I pointed out on Saturday, I think several serious problems are raised by this particular preference clause. As stated by the Senator from Connecticut [Mr. BUSH] this dam is to be built by private dollars, not public dollars. This dam is not to be financed by the taxpayers and when self-liquidated be owned by the people, the United States. This dam involves a private investment. As I said last Saturday I think that fact creates many problems and handicaps that will result in a tremendous amount of litigation.

Nevertheless, the matter of public preference is, in my opinion, so vital to the development of private industry in the Pacific Northwest that I shall vote for the amendment, here on the floor of the Senate.

I desire to take a minute or two to discuss the so-called "shibboleth" of the public preference referred to in the argument of my senior colleague. Instead of public preference being a shibboleth, it has been a great protection to the people in the development of the great multipurpose dams in the Pacific Northwest. In my judgment, it has been the greatest guaranty of any feature of the whole Government-power program, for the expansion of private enterprise in the Pacific Northwest. As I have pointed out, our private utilities in the Pacific Northwest distribute the power which they obtain from Bonneville.

I agree—and I have said this for years—that within the public-preference pattern, our private utilities ought to be given reasonable contracts for a reasonable period of time for the purchase of power; but I certainly do not go along—and although this is not the time to discuss it, yet I shall always be willing to discuss it—with the McKay 20-year contracts that were negotiated with five private utilities.

In my judgment, private utilities are not hurt by a public-preference clause; but the people are greatly benefited by the public-preference clause. When public dollars are being invested in the power program, in my judgment, the contracts certainly should contain public-preference clauses. That point goes back for a great many years, in the power program of this country.

As I said on Saturday, I think a legal problem is involved in this case. That is another reason why I think the bill is a hodgepodge. Nevertheless, I believe that the principle of public preference should be written into the bill for the protection, through the public-power yardstick of the industry and consumers of the region.

Mr. President, under the bill we have no assurance that the dam will be controlled by a public body. It is quite possible that the public-utility district may not be capable of financing the dam. But it does not follow that a private agency may not be able to do so in a manner which meets the loose requirements of the bill under which the private utility could control disposition of the power.

What disturbs me is that we are proceeding with a bill for the construction of a dam, in order that a great power resource may be developed at the site, but the language of the bill is ambiguous in many respects. I should like to have the power available for integration and pooling, and I should like to have us write public preference into the bill so that this bill cannot be used as a precedent for undermining the first claim of public bodies to so-called partnership dams. Do not forget that all of the people own the water in the first instance that makes these dams possible.

I think the amendment of the Senator from Washington makes clear the intent of Congress to continue the objective of public preference, and I shall vote for it.

Mr. CORDON. Mr. President, will the Senator from Connecticut yield several minutes to me?

Mr. BUSH. I yield 2 or 3 minutes, if needed, to the senior Senator from Oregon [Mr. CORDON].

Mr. CORDON. Mr. President, reference has been made to the matter of contracts in the Pacific Northwest between the Bonneville Power Administration and private power companies. I call attention to the fact that while contracts have been made with Bonneville for 20 years, yet they carry a 5-year adjustment provision, and therefore no sales contract can be made by the private utilities for more than 5 years.

Mr. President, it is immaterial to me whether power is generated by a private or by a public body, so long as it is generated on a basis of reasonable cost from the standpoint of capital structure and is sold at reasonable rates, considering the cost of operation and the other factors involved in making up the rate structure. There is no sanctity to public power, in my opinion; and, equally, there is none to private power. I am looking to the outlet, to the use of power by people; and it is immaterial to me who does the job of producing the power.

I have worked for 10 years on the Appropriations Committee, and I know what it means to try to obtain funds to construct these projects. We in the Pacific Northwest have been reasonably successful, and I am most grateful to my colleagues on the Appropriations Committee for the way they have loyally assisted. But I also know we have never been able to keep up with our growing needs with appropriated funds from the Government, and I sadly fear we never shall be.

In my judgment we should be glad to accept with open arms any source to which we can turn to obtain money with which to construct power projects and put power on the line.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington [Mr. MAGNUSON] for himself and his colleague [Mr. JACKSON].

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MARTIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the senior Senator from Washington [Mr. MAGNUSON] for himself and the junior Senator from Washington [Mr. JACKSON].

Mr. CASE. Mr. President, is there time remaining?

The PRESIDING OFFICER. The time has been yielded back. The Senator may ask unanimous consent for further time if he cares to do so.

Mr. BUSH. Mr. President, having had some time left, and not realizing that I was yielding it because of the quorum call, I ask unanimous consent that the Senator from South Dakota may have 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CASE. Mr. President, I think the average Member of the Senate is a little handicapped in dealing with a question like this unless it is possible for him to know something about the laws which apply in the States concerned. In this case we have a public-utility district created in the State of Washington. What are its powers, or the limitations under which it operates, I do not know, and I doubt if the average Member of the Senate, aside from the Senators from Washington or members of the subcommittee who worked on the bill, would know.

It seems to me that we are here presented with exactly the same kind of issue as was presented in connection with the Niagara power bill a short time ago. The question is, Shall we attach a preference clause to a license for the development of hydroelectric power granted by the Federal Power Commission to a local body? In the case of the Niagara bill, it is assumed that the Power Authority of the State of New York will be the authority which will seek the license, and which, under the Federal Power Commission law, will receive the license. In this case, as I understand the bill, the license would probably be obtained, and would be granted by this bill, if enacted, to a public-utility district operating in the State of Washington, under the laws of the State of Washington. I would assume that both a public-utility district in the State of Washington and the Power Authority of the State of New York would be friendly toward disposing of their power through public bodies and cooperatives.

Whether that be so or not, the particular body, the Power Authority of New York or the Public Utility District in the State of Washington, has the responsibility of financing and managing the project. It seems to me, then, that it is unfair for the Congress to attempt to dictate to a public body within a State how it shall dispose of the power it generates, particularly as this amendment proposes to dictate to the public utility district how it shall operate in the sale of power beyond the boundaries of the State of Washington.

I do not know whether the Public Utility District of the State of Washington has authority which permits it to go outside the State of Washington and there discriminate in the sale of power.

In any event, it definitely seems to me that administrative problems would be presented. When it comes to the preference clause, I am in favor of the preference clause when the project is developed and financed by the Federal Government.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CASE. I should like to yield, but I have only 3 minutes.

Mr. MAGNUSON. I will give the Senator some of my time.

The PRESIDING OFFICER. The Chair is informed that the Senator from Washington has no time left.

Mr. MAGNUSON. I spoke for only about 2 minutes.

The PRESIDING OFFICER. The Chair is informed that the time was yielded back when the quorum call was made.

Mr. BUSH. Mr. President, I ask unanimous consent that 5 minutes additional time be granted, to be divided equally between the Senator from Washington [Mr. MAGNUSON] and myself.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from South Dakota may proceed.

Mr. MAGNUSON. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. MAGNUSON. Let me say to the Senator from South Dakota that this is an unusual situation. We have in my State public-utility districts which more or less accord preference to public bodies. Other States where the power might be sold do not have such a condition. We were only trying to protect the sale of power in those other States. That was the only purpose of the amendment. If the operation were confined only to the State of Washington, there would be no problem whatsoever.

Mr. CASE. The Senator says that the public-utility district, operating under the laws of the State of Washington, would give preference to other public bodies. I do not know why any amendment would be necessary.

Mr. MAGNUSON. It is necessary because other States may not have such preference protection.

Mr. CASE. But the power would be sold by the public-utility district of Washington, would it not?

Mr. MAGNUSON. That is correct.

Mr. CASE. I should think, then, that whatever principles and practices the State of Washington prescribes for the public-utility district would guide it in its operations. It seems to me that it is fundamentally bad principle——

Mr. MAGNUSON. Normally it would be so guided, but there have been too many instances of such bodies not having been so guided. In this particular case the power question in the area has become so important that we do not know just what the public-utility district would do. We wanted the power spread out, so that everyone would have equal opportunity.

Mr. CASE. It seems to me to be fundamentally bad principle for the Congress of the United States to say that when a public body organized under the laws of any one State is granted a license for the development of hydroelectric power, and is left with the responsibility, the obligations, and the risks of financing and then administering a power project, the Federal Government should then step in and attempt to prescribe for that public body to whom it may sell the power.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. KNOWLAND. I merely wish to have the Senator yield to me long enough to ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. The yeas and nays are demanded on the pending amendment.

The yeas and nays were ordered.

Mr. CASE. When the Federal Government finances and develops a project I favor the Federal preference clause, as set forth in the Flood Control Act of 1944.

If the situation were applied to my State, and my State created an agency which was to develop hydroelectric power under a license granted by the Federal Power Commission, I would not want Congress to come into the picture and tell the power body of my State to whom it should sell the power, or prescribe any other conditions, other than with respect to the conservation of resources, as set forth in the Federal Power Act.

Mr. President, I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). The question is on agreeing to the amendment offered by the senior Senator from Washington [Mr. MAGNUSON] on behalf of himself and the junior Senator from Washington [Mr. JACKSON].

The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] and the senior Senator from Wisconsin [Mr. WILEY] are absent on official business. The Senator from Ohio [Mr. BRICKER], the senior Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. HENDRICKSON], the junior Senator from Indiana [Mr. JENNER], and the junior Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Texas [Mr. DANIEL] is absent by leave of the Senate.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

I announce further that on this vote the Senator from Missouri [Mr. HENNINGS] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Florida would vote "nay."

I announce also that on this vote the Senator from Illinois [Mr. DOUGLAS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Montana [Mr. MURRAY] would each vote "yea."

The result was announced—yeas 29, nays 45, as follows:

YEAS—29

Anderson	Hayden	Magnuson
Chávez	Jackson	Mansfield
Clements	Johnson, Colo.	Monroney
Ervin	Johnson, Tex.	Morse
Frear	Johnston, S. C.	Neely
Fulbright	Kennedy	Russell
George	Kilgore	Smathers
Gillette	Langer	Sparkman
Gore	Lehman	Symington
Green	Long	

NAYS—45

Aiken	Duff	Payne
Barrett	Dworshak	Potter
Beall	Ferguson	Purtell
Bennett	Flanders	Reynolds
Bowring	Goldwater	Robertson
Bridges	Hickenlooper	Saltonstall
Bush	Ives	Schoeppel
Butler	Knowland	Smith, Maine
Byrd	Kuchel	Smith, N. J.
Carlson	Lennon	Stennis
Case	Malone	Upton
Cooper	Martin	Watkins
Cordon	McCarran	Welker
Crippa	Millikin	Williams
Dirksen	Mundt	Young

NOT VOTING—22

Bricker	Hennings	McCarthy
Burke	Hill	McClellan
Capehart	Holland	Murray
Daniel	Humphrey	Pastore
Douglas	Jenner	Thye
Eastland	Kefauver	Wiley
Ellender	Kerr	
Hendrickson	Maybank	

So the amendment offered by Mr. MAGNUSON on behalf of himself and Mr. JACKSON was rejected.

Mr. CORDON. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Oregon.

The PRESIDING OFFICER. The question is on the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Oregon [Mr. CORDON] that the Senate reconsider the vote by which the amendment of the Senator from Washington [Mr. MAGNUSON] was rejected.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I move to recommit the bill.

The PRESIDING OFFICER. How much time does the Senator require?

Mr. MORSE. Two minutes, Mr. President.

I have no intention of repeating the long argument I made on Saturday afternoon. In my judgment, the bill should be recommitted because I think it is only

one of a series of bills which have many common principles which should be considered carefully and exhaustively during the congressional recess. They require hearings in the field, because the hearings on this bill were exceedingly brief. All that Senators have to do is to consult the RECORD in front of them, and they will find that a great many organizations and a great many experts who should have been heard by the committee were not heard. In my judgment, the bill has so much in common with other bills which involve the so-called partnership principle, a principle which, in my judgment, jeopardizes a Federal power program of this country of many years' standing, that I think we should go slowly and should act only after we have a composite record of hearings involving all the so-called partnership bills. I think the only sensible thing to do is to send the bill back to the committee and let it rest there until Congress reconvenes in January, after we have been able to conduct comprehensive hearings on this bill and the other partnership bills.

Mr. KILGORE. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I wish to summarize my argument against the bill, and then I shall be glad to yield to the Senator from West Virginia.

In my judgment, Mr. President, the Federal Government should build this dam. The dam should be built and made an integral part of the great multipurpose-dam system of the Pacific Northwest. It should be built with its flood control storage facilities included at the time it is built. As I pointed out on Saturday, General Itschner, of the Corps of Engineers, testified in such brief hearings as were had on the bill that the total cost of flood control would be greater as a result of building this dam on the installment basis. Flood control is of vital importance to the entire area of the Pacific Northwest. The flood-control potentialities of this dam are very important and should be developed now.

Furthermore, Mr. President, I think the bill in its present form will undermine a great principle of power development in the Pacific Northwest, namely, the principle of public preference. I think it will add to the administrative complexity in the administration of our power resources which will eventually result in higher cost power.

I do not think this is the way to get cheap power into the Pacific Northwest. I think the proper way to get cheap power into the Pacific Northwest is for the Federal Government to continue with the comprehensive multi-purpose-dam system, built by the Federal Government in keeping with the objectives of the so-called comprehensive report 308. I see in this bill, and in similar partnership bills, the beginning of the undermining of the great comprehensive program on which I thought we had unanimity in our area of the country. I look upon this bill, as I said on Saturday, as a legislative stick of dynamite, which, when the fuse goes off, will do great destructive damage to a Federal power program of many years standing.

Mr. President, I ask unanimous consent to have an additional minute in order to answer a question of the Senator from West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KILGORE. Mr. President, I should like to ask the Senator this question: While the bill affects the Pacific Northwest, is it not a fact that due to droughts and changing weather conditions, the same situation could affect the entire United States of America?

Mr. MORSE. There is no question about that. The position I take with reference to this bill is the same position I take on the development of power anywhere in the United States. We living in the Pacific Northwest do not own those rivers in the Northwest. They do not belong to the Pacific Northwest or to any State in the Pacific Northwest. They belong to all the people of the United States, just as other rivers do. When we are urging, as we have been for so many years past, the building of a comprehensive program such as is advocated by comprehensive report 308, we are really urging the development of economic potentialities of tremendous value to every citizen of the State of West Virginia or of any other State represented in this body. I have no illusions, Mr. President. I am perfectly aware of the position in which those of us who are fighting for Federal development of power find ourselves in the Senate of the United States today. But there will be another day, and I raise my voice in warning today only to make the record; and I make my record by moving that the bill be recommitted.

Mr. KILGORE. Mr. President, I had not finished.

Mr. MORSE. Mr. President, I withhold my motion not only to give the Senator from West Virginia an opportunity to ask a question, but to welcome debate by the majority leader, or any other Senator who wishes to comment. I shall make my motion when the debate is concluded.

Mr. KILGORE. Mr. President, will the Senator from Oregon yield to me for a question?

Mr. MORSE. I yield.

Mr. KILGORE. The question of multiple-purpose dams goes to such matters as, for instance, flood control and irrigation. It goes to everything from which power might be produced, and to the surplus water which might be either impounded or utilized for other purposes. Is not that correct?

Mr. MORSE. That is correct.

Mr. KILGORE. Inasmuch as all the people of the United States are subscribers, shall we say, to the basic common stock of the power developments, by reason of the fact that the basic capital, even though it be repaid later, is purchased by all the people, a comprehensive study should be made before bills are passed which would deprive the people of their rights, or which would reduce the number of activities in which, if proper study were given, the people might become interested.

Mr. MORSE. I wish to say in complete fairness and to make it very clear to the Senator from West Virginia that this project differs somewhat from the type of program to which he alludes, because the project which is proposed in the bill will not be constructed by the taxpayers of the United States through the Federal Government. It will be built by a separate entity, not representing the Government of the United States. That is one of my objections to the bill, but it illustrates the Senator's point. I agree with him that a very thorough study should be made of all the so-called partnership bills before any vote is taken in the Senate.

Mr. KILGORE. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. KILGORE. The point I was leading to is this: Water rights and power and conservation rights in water are not limited to individual States. In practically all cases they cover many States; and the effect of an abridgment of such rights or a granting of them to any select group takes away from the citizens of not only the area affected but also of other areas which might be served by the products of the immediate area their rights to such development, which, by reason of the natural formation of this continent, accrue to all the people. Is not that correct?

Mr. MORSE. I completely agree with the Senator from West Virginia. That is why, on Saturday, I said a policy question is concerned which involves all the people of the United States. This is a regional problem, so far as the direct need for the power is concerned, and the direct need for the flood-control benefits which should be built but in all probability will not be built under this bill. But the public policy issues are, of course, national in scope and interest, and I think the whole question must be examined from the national standpoint. That is why I urge that this bill go back to committee and that hearings be held in the field this fall on all of the partnership bills such as Cougar, Green Peter, John Day, and this Priest Rapids bill.

Mr. KILGORE. I know of cases in my own State in which private power companies have developed dams which can be used only for peaking power. Not only are the dams not susceptible of flood control but they have made the rest of the river unusable and, incidentally, have created, at times, periods of drought, when manufacturing plants have been shut down by reason of a lack of water.

The only hope we have, as has been well demonstrated in the case of a dam in West Virginia, is to provide for Federal control, which will allow for a constant flow beyond a designated point.

That is one reason why, despite the fact that in West Virginia power is developed completely by private sources, with no public power being produced in the State, I am very much interested in seeing that the people retain their rights to the power accrued by the streams, so that the streams may be properly developed for the greatest benefit of all the people.

That is why I join with the Senator from Oregon in his thinking with respect to this subject. Although West Virginia is not affected, at least at present, the policy might affect the State very disastrously in the future.

Mr. MORSE. I thank the Senator from West Virginia. I reserve the rest of my time.

Mr. BUSH. Mr. President, I am strongly opposed to the motion to recommit, but I am glad to yield the remainder of my time to the distinguished majority leader, the Senator from California.

Mr. KNOWLAND. Mr. President, I do not wish to cut off the distinguished Senator from Oregon, but in view of the fact that 1 hour has been allotted to general debate on the bill itself, it is my intention to move to lay on the table the motion to recommit. If the Senator from Oregon is prepared to yield back the remainder of his time, perhaps we might have a vote on the motion to lay on the table.

Mr. MORSE. I am prepared to yield back the remainder of my time.

Mr. KNOWLAND. Then, having been yielded the time of the Senator from Connecticut [Mr. BUSH], I now move that the motion of the Senator from Oregon [Mr. MORSE] to recommit be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Oregon to recommit the bill.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

Mr. MAGNUSON. Mr. President, I do not wish to detain the Senate on the final vote, but I desire to speak for about 1 minute.

I rise to repeat what I said to the junior Senator from Oregon [Mr. MORSE] on three or four occasions on Saturday. I am in complete agreement with the junior Senator from Oregon in the view that it would have been much better to have gone ahead with the Federal program, as has been done in the past. But, in view of the great need for kilowatts in the area, and because the dam will not be built unless the kilowatts can be provided at a cheap enough rate to be used successfully, I felt that those who were seeking the right to construct the Priest Rapids Dam should be allowed to build the project. I hope they will succeed, because the kilowatts are needed. I hope the power will be distributed as I think it will be. I do not believe that some of the dire results suggested by the Senator from Oregon will happen.

I hope the bill will be passed, because I have been moved by the fact that for almost 2 years, despite the need for kilowatts in the Pacific Northwest, there have been no new starts and no new construction programs at all. I have not abandoned the idea that we should not go ahead with the multiple-purpose dams, but, at least somewhat reluctantly, I have said to those who intend to build the Priest Rapids Dam, "We are going to help you to try to do the job yourselves, if you can."

Mr. BUSH. Mr. President, I hope very much that the bill will be passed. I think it is a good bill, and that it establishes a good principle.

I am ready to yield back the remainder of my time if the Senator from Washington will yield the remainder of his time.

Mr. MAGNUSON. I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 7664) was passed.

CONSTRUCTION AT CERTAIN MILITARY AND NAVAL INSTALLATIONS

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SALTONSTALL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS conferees on the part of the Senate.

APPOINTMENT OF CERTAIN OFFICERS OF THE REGULAR NAVY AND MARINE CORPS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SALTONSTALL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS conferees on the part of the Senate.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar 1634, H. R. 5173, the Employment Security Administrative Financing Act of 1954.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment-compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill to provide that the excess of collections from the Federal unemployment tax over unemployment-compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. MILLIKIN. Mr. President, the Committee on Finance received the bill, took action on it, made some amendments, and reported it to the Senate. I shall discuss all of them, but I should like to point out now that the principal feature of H. R. 5173 is that it would strengthen the Federal-State employment-security program by providing that all taxes collected under the Federal Unemployment Tax Act shall be devoted exclusively to the basic purposes of this program. To achieve this objective, H. R. 5173 provides as follows:

First. Beginning on July 1, 1953—and for each fiscal year thereafter—an amount equal to the excess of taxes collected under the Federal Unemployment Tax Act over the cost of administering the Federal and State operations of the employment-security program, including unemployment insurance and public employment offices, will be earmarked and placed in the Federal unemployment account. This account is already established under existing law and is a subsidiary account in the unemployment trust fund.

Second. At the end of each fiscal year the amount equal to the excess tax collections—if any—is to be earmarked and placed in the Federal unemployment account until that account reaches a balance of $200 million and thereafter in such years as may be necessary to maintain this balance. The estimated excess tax collections for fiscal year 1954 are approximately $75 million. The annual excess tax collections for the next fiscal year are estimated at approximately $60 million to $65 million.

Third. Any such excess not required to either achieve the original $200 million balance or to maintain the balance will be allocated to the trust accounts—in the unemployment trust fund—of the various States in the proportion that

their covered payrolls bear to the aggregate of all States.

The sums allocated to States' trust accounts are to be generally available for benefit payments. A State may, however, through a special appropriation act of its legislature, utilize the allocated sums—not to exceed amounts deposited in its trust fund in the previous 5 fiscal years—to supplement Federal administrative grants in financing its administrative operations.

Fourth. The $200 million balance—or any lesser balance—in the Federal unemployment account will be available to States with depleted reserve accounts for the purpose of assisting them in the financing of their unemployment benefit payments. Any State whose reserve account at the end of any quarter is less than the amount of benefits paid in such quarter and in the preceding three quarters may apply, through its governor, for advance from the $200 million account to its own trust fund. The largest advance which a State may receive in any quarter is the largest amount of benefits paid by it in any one of the last four preceding quarters.

Fifth. Repayment of the advances obtained by States in accordance with the above conditions are to be made by either (a) transfer of funds from the trust account of the borrowing State—at the direction of its governor—to the Federal unemployment account, or (b) a decrease in the 90 percent allowable credit against the 3 percent Federal unemployment tax. This decrease in allowable tax credits will begin after the second January 1 on which outstanding advances have not been repaid by transfer of funds from the State's trust fund. The decrease in the 90 percent allowable credit against the 3 percent Federal unemployment tax will be at the cumulative rate of 5 percent—5 percent of 3 percent—for each year in which the advance is still outstanding until the resulting additional Federal taxes collected have been sufficient to repay the advance.

The Federal unemployment tax is a 3-percent tax levied upon the payrolls—up to the first $3,000 of annual income of workers—of all employers of 8 or more workers during 20 weeks in the year in all but certain specified categories of employment. The employer is permitted to offset up to 90 percent of the Federal tax—2.7 percent of taxable payrolls—with any taxes paid to an unemployment-insurance system under the laws of the State in which he does business. The Federal law also permits the employer to include in his offset any State tax savings that are allowed him under the laws of his State.

When the Congress passed the unemployment-taxing provisions of the Social Security Act of 1935 it was believed that 10 percent of the total cost of the unemployment-compensation program would be needed for administrative expenses. For this reason the law provided the maximum offset of 90 percent—2.7 percent of taxable wages—and reserved 10 percent of the tax for the Federal Government. Federal tax collections from this source are not earmarked for employment-security purposes under existing law but go instead into the general fund of the Treasury. Each year Congress appropriates money for grants to the States to cover the administrative expenses of this program. The amount of the appropriation is determined by the administrative needs of the States and not by the estimated collections of the Federal unemployment tax.

Contrary to the original intent and expectation of the Congress, the three-tenths of 1 percent tax has proved to be excessive and, depending upon the basis of calculation, has yielded between $700 million to $1 billion in excess of the funds that have been disbursed to meet the Federal-State administrative costs of the program. This amount has been used to meet the general expenses of other activities of the Federal Government.

In the opinion of the committee, the full amount of the tax collections from the Federal unemployment tax should be used exclusively for strengthening and improving the Nation's employment security program as originally contemplated.

It is further agreed that the two basic needs to which these excess tax collections should be devoted are for the protection of State trust accounts against the contingency of insolvency and the provision for greater flexibility in administrative operations. Your committee believes that these two agreed needs can best be met through the methods provided in H. R. 5173.

The provision of a loan account, as established under H. R. 5173, from which States with depleted accounts may secure repayable advances, recognizes the Federal interest in protecting the solvency of State trust accounts in a manner consistent with the original intent that States be charged with ultimate responsibility in financing the benefits which they elect to provide.

The provision contained in H. R. 5173 that States may utilize for administrative cost purposes—under appropriate safeguards—that portion of tax collections credited to their accounts will serve to make more flexible and will better adapt the administrative structure of the Federal-State system to the varying needs and conditions of the country.

Attention is invited by your committee to the fact that the principle that the Federal unemployment tax collections should not be regarded as available for general expenditures has been recognized by the Congress in the enactment of the so-called George loan fund provisions (secs. 904 (h) and 1201 of the Social Security Act). Under these provisions the excess of the Federal unemployment tax collections over the amount of disbursements for administrative costs since the initiation of the Federal-State employment security program was to be available to States with depleted reserve accounts. Under the George loan fund it was left largely to the discretion of the States as to whether they would revise their tax structures so as to make any advances in fact repayable. The conference of State officials administering State operations of this program recommended the strengthening of the repayable loan provision by the method of reducing the allowable offset against the Federal tax, as is provided in H. R. 5173.

In regard to the second basic need—greater flexibility and adaptability in administration—your committee believes that this can best be met by leaving to the province of the States the use of allocated excess collections to supplement Federal grants.

Under H. R. 5173 the excess over the $200 million balance—or the amount necessary to maintain this balance—can be used only for benefit purposes unless a State legislature appropriates these funds for administrative purposes.

Mr. KNOWLAND. Mr. President, I send to the desk a proposed unanimous-consent agreement, which I ask to have read for the information of the Senate. First, let me say that the proposed agreement was discussed with the minority leader and with a number of Senators who have amendments to offer, some of those Senators having found it inconvenient either to be here last week, when it was suggested that the bill be brought up, or to be here for voting purposes today.

It was suggested on last Saturday, when we expected to complete action on the bill relating to the Priest Rapids Dam, that this proposed agreement be submitted to the Senate at that time; but I did not wish to have the proposed agreement submitted until action on the measure then pending had been concluded.

Mr. President, if the proposed agreement is entered into, the Senate will continue in session today until 6:30 or 7 p. m., or for as long as may be necessary to permit the completion of any remarks Senators may wish to make on the busines now pending.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The Chief Clerk read as follows:

Ordered, That following the morning business on Tuesday, July 13, during the further consideration of H. R. 5173, to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States to provide that the remainder of such excess shall be returned to the States, and for other purposes, debate on any amendment or motion (including appeals) shall be limited to not exceeding 2 hours, to be equally divided and controlled respectively, by the mover of any such amendment or motion and the Senator from Colorado [Mr. MILLIKIN] in the event he is opposed to such amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object——

Mr. MORSE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will state the amendments of the committee.

The Chief Clerk stated the amendments reported by the Committee on Finance, which were, on page 1, line 4, after the word "of", to strike out "1953" and insert "1954"; on page 2, line 13, after the word "the", where it occurs the second time, to strike out "unemployment" and insert "employment security"; on page 3, line 3, after the word "those", to strike out "unemployment" and insert "employment security"; at the beginning of line 8, to strike out "unemployment" and insert "employment security"; after line 9, to strike out:

(1) the aggregate of the amounts expended during the fiscal year for—

(A) the purpose of assisting the States in (i) the administration of their unemployment compensation laws (including administration pursuant to agreements under title IV of the Veterans' Readjustment Assistance Act of 1952), (ii) the establishment and maintenance of systems of public employment offices in accordance with the act of June 6, 1933, as amended (29 U. S. C., sec. 49–49n), and (iii) carrying into effect section 602 of the Servicemen's Readjustment Act of 1944; and

(B) the performance by the Department of Labor of its functions (except its functions with respect to Puerto Rico and the Virgin Islands) under (i) this title and titles III and XII of this act, (ii) the Federal Unemployment Tax Act, (iii) the provisions of the act of June 6, 1933, as amended, (iv) title IV (except section 602) of the Servicemen's Readjustment Act of 1944, and (v) title IV of the Veterans' Readjustment Assistance Act of 1952; and.

And in lieu thereof to insert:

(1) the aggregate of the amounts expended during the fiscal year for the purpose of assisting the States in (A) the administration of their unemployment compensation laws (including administration pursuant to agreements under title IV of the Veterans' Readjustment Assistance Act of 1952), (B) the establishment and maintenance of systems of public employment offices in accordance with the act of June 6, 1933, as amended (29 U. S. C., sec. 49–49n), and (C) carrying into effect section 602 of the Servicemen's Readjustment Act of 1944, as amended; and

(2) the amount estimated by the Secretary of Labor as equal to the necessary expenses incurred during the fiscal year for the performance by the Department of Labor of its functions (except its functions with respect to Puerto Rico and the Virgin Islands) under (i) this title and titles III and XII of this act, (ii) the Federal Unemployment Tax Act, (iii) the provisions of the act of June 6, 1933, as amended, (iv) title IV (except sec. 602) of the Servicemen's Readjustment Act of 1944, as amended, and (v) title IV of the Veterans' Readjustment Act of 1952; and.

On page 5, line 4, to change the subsection number from "(2)" to "(3)"; after line 9, to strike out:

For the purposes of paragraph (1), payments before July 1 for any period on or after such July 1 shall be considered as expended during the fiscal year which begins on such July 1.

On page 6, line 15, after the word "Labor", to insert "and certified by him to the Secretary of the Treasury on or before that date"; in line 17, after the word " States", to insert "to the Secretary af Labor by June 1"; at the beginning of line 22, to strike out "June 1" and insert "May 1"; in line 24, after the word "such", to strike out "June 1" and insert "May 1"; on page 9, line 13, after the words "in the", to strike out "account" and insert "unemployment fund"; in line 22, after the word "subsection'" to insert "and"; after line 22, to strike out:

"(3) the Governor certifies that the contribution rate or rates in effect for the quarter in which he applies will yield an amount which he estimates will equal or exceed 2.7 percent of the total remuneration which he estimates will constitute wages subject to contributions for such quarter under the law of such State; and.

On page 10, line 5, to change the subsection number from "(4)" to "(3)"; in line 6, after the word "paragraphs", to strike out "(1), (2), and (3)" and insert "(1) and (2)"; in line 8, after the word "Labor", to strike out "shall, from time to time, certify" and insert "shall certify"; on page 11, line 16, after the numerals "1201", to strike out "(a)"; in line 19, after the word "shall", to insert "promptly"; in the same line, after the word "amount", to strike out "as of the close of the calendar month in which the Governor makes such request"; in line 22, after the word "the", to insert "Unemployment Trust Fund for credit to the"; on page 12, line 7, after the word "under", to strike out "subsection (a)" and insert "section 1201"; at the beginning of line 11 to "received, and covered into the Treasury"; in line 12, after the word "under", to strike out "subsection (a)" and insert "section 1201"; in line 13, after the word "the", where it occurs the second time, to insert "Unemployment Trust Fund for credit to the"; in line 18, after the word "transferred", to strike out "from time to time from the general fund in" and insert "at the close of the month in which the moneys were covered into"; in line 20, after the words "to the", to insert "Unemployment Trust Fund for credit to the"; in line 22, after the word "be", to insert "as of the first day of the succeeding month"; at the beginning of line 25, to strike out "from time to time"; on page 13, line 2, after the period, to strike out the quotation marks ("), and after line 2, to insert:

SEC. 1203. When used in this title, the term "Governor" shall include the Commissioners of the District of Columbia.

Mr. KENNEDY. Mr. President, with respect to the committee amendment on page 10, ending in line 4, I wish to state that the Senator from Rhode Island [Mr. PASTORE] has an amendment dealing with the rate of repayment, based on the so-called George loan fund, in connection with the section having to do with advances to State unemployment funds. I wonder whether the Senator from Colorado can inform me whether acceptance of the committee amendments will prejudice in any way the right of the Senator from Rhode Island to submit his amendment.

Mr. MILLIKIN. I would have no objection to having all the committee amendments agreed to en bloc, and having the bill as thus amended regarded as a new bill, subject to amendment.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the committee amendments be adopted en bloc, with the understanding that the adoption of the committee amendments in toto will result in having the bill as thus amended considered as a new bill, for purposes of amendment, so that any Senator may submit amendments to the bill as amended.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the amendments of the committee are considered and agreed to en bloc; and, without objection, the further request of the Senator from California is agreed to.

Mr. KENNEDY. Mr. President, tomorrow I intend to call up an amendment intended to be proposed by me, on behalf of myself and various other Senators, to this bill; but I have no intention of doing so today.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. MORSE. Mr. President, if the bill is read the third time, that will preclude the Senator from Massachusetts from offering his amendment.

I suggest to my friend, the Senator from Massachusetts, that he call up his amendment, so that it will be before the Senate, inasmuch as the amendment is in the form of a substitute. So he had better have it before the Senate before the bill is read the third time.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. Has the third reading of the bill been ordered?

The PRESIDING OFFICER. Not yet.

Mr. KNOWLAND. Then I suggest that the Senator from Massachusetts submit his amendment and speak upon it, for otherwise it will be necessary to vote on the question of the engrossment of the committee amendments and the third reading of the bill. Inasmuch as we have not been able to have the proposed unanimous-consent agreement entered, I hope that as many speeches as possible will be made between now and 6:30 p. m.

Mr. KENNEDY. Very well.

Mr. President, I submit, on behalf of myself and sundry other Senators, the amendment which I send to the desk and ask to have stated. The amendment is identified as "7–7–54–B."

The PRESIDING OFFICER. Does the Senator from Massachusetts wish to have the amendment read?

Mr. KENNEDY. That will not be necessary, Mr. President.

The PRESIDING OFFICER. Will it be sufficient to have the amendment printed in the RECORD?

Mr. KENNEDY. Yes.

The PRESIDING OFFICER. Then, without objection——

Mr. MORSE. Mr. President, I object; I should like to have the amendment read.

The PRESIDING OFFICER. Objection being heard, the amendment will be read.

The amendment submitted by Mr. KENNEDY, for himself, Mr. DOUGLAS, Mr. MANSFIELD, Mr. JACKSON, Mr. PASTORE, Mr. SYMINGTON, Mr. GREEN, Mr. HUMPHREY, Mr. MAGNUSON, Mr. GILLETTE, Mr. KEFAUVER, Mr. ANDERSON, Mr. LEHMAN, Mr. NEELY, Mr. MORSE, Mr. MURRAY, and Mr. HENNINGS, was read by the Chief Clerk, as follows:

At the end of the bill, add a new section, as follows:

"SEC. 6. Section 1603 (a) of the Internal Revenue Code is amended by redesignating paragraph (6) as paragraph (9), and by adding after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1955, and on July 1 of each succeeding year on the basis of the wages, including amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available.

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser.

"'(8) Compensation shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year.'"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts on behalf of himself and other Senators.

Mr. KENNEDY. Mr. President, this amendment is offered on behalf of the Senator from Illinois [Mr. DOUGLAS], the Senator from Montana [Mr. MANSFIELD], the Senator from Missouri [Mr. SYMINGTON], the Senator from Washington [Mr. JACKSON], the Senator from New Mexico [Mr. ANDERSON], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. LEHMAN], the Senator from West Virginia [Mr. NEELY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Missouri [Mr. HENNINGS], and myself.

Approximately the same list of sponsors has introduced a more comprehensive substitute for H. R. 5173, No. 7-1-54-B, which substitute would implement the standards contained in this amendment, establish a contingency fund for administrative expenses, and provide for a program of reinsurance for depleted State reserves. Even this substitute, which I shall offer if we are successful in obtaining passage of the pending measure, represents a considerable modification of S. 3553, a bill introduced on June 3 by approximately the same sponsors. Those sections establishing nationwide standards of disqualifications, broadening coverage, and permitting uniform employer tax reductions, have been removed from that bill in the presentation of this substitute. In short, this substitute does not make all necessary improvements in our Federal-State unemployment compensation system. But it does represent a fundamental strengthening of the program in sharp contrast to the weaknesses introduced by H. R. 5173.

However, in order to clarify the issue, in order to make certain that there is no misunderstanding as to the purpose or effect of this first vote, the amendment we are offering at this time seeks only to add to H. R. 5173 the 3 brief and comparatively simple sections which appear on page 2 of the substitute. These sections, which I shall discuss in a moment, establish nationwide standards for the amount and duration of unemployment-compensation benefits at levels recommended by President Eisenhower, Secretary of Labor Mitchell, and the tripartite Federal Advisory Council. The only issue presented to the Senate by this amendment is whether it favors better unemployment-compensation benefits, or whether it is opposed to such benefits.

This issue, particularly when our amendment is contrasted with the other provisions of H. R. 5173, presents in my opinion the most fundamental issue concerning the basic structure of our economic and social-security legislation to be considered by this Congress. It is particularly unfortunate that, during a time when the rate of unemployment covered by this program has doubled from its level of 1 year ago, and the rate of new claims under the program has similarly increased, Congress should be considering legislation which would weaken instead of strengthen this vital law.

Unemployment compensation is, as President Eisenhower described it in his economic report, "a valuable first line of defense against economic recession." During the downturn of 1949, $1.7 billion—more than twice the 1948 level—was paid to maintain the purchasing power of unemployed workers. In the fiscal year which has just been completed, I understand benefits again exceeded well over $1 billion. The importance of this program, not only to the worker but to the economy as a whole, has been repeatedly demonstrated in my own State of Massachusetts. Business Week on May 7, 1949, for example, stated that the paradox of excessively high unemployment rates in Lawrence, Mass., but without a simultaneous business depression was due, according to Lawrence businessmen, to unemployment compensation, which they said "had proved to be an effective cushion for business—as well as workers—against the impact of layoffs."

But unemployment compensation has been sadly weakened by time and State inaction. Although in 1939, the ratio of benefit ceilings to average weekly earnings for all 51 State laws was 67 percent, the figure for December 1953 was only 41 percent. Six States have benefit ceilings only 30 to 35 percent of average weekly earnings. Particularly tragic is the problem of benefit exhaustions. In 1953, in the State of Alabama, for example, over 40 percent of unemployed workers received benefits up to the maximum period of 20 weeks and then were forced on the relief rolls. In 1949, nearly 2 million unemployed workers in this country exhausted their benefits. Inadequate amounts and duration of unemployment benefits hurt not only the worker but his community and Nation.

Mr. LEHMAN. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. LEHMAN. Is it not a fact that under the present law there is no uniformity at all with regard to the maximum weekly compensation paid, and also with regard to the minimum compensation paid to workers in the various States?

Mr. KENNEDY. The Senator from New York is quite correct. It is for that reason that President Eisenhower in his economic report made the recommendation that the States place in effect certain minimum standards, for the duration of 26 weeks, and, with respect to the amount of benefit, that the maximum be two-thirds of the average wage or 50 percent of the worker's wage, whichever is the lesser. The President has recommended that State governments take action on both those standards.

Nineteen States have had an opportunity to act. Their State legislatures have met since the President made his recommendation in February. The fact is that not one of the States has acted. As the Senator knows, the great variation in standards among the various States puts a State which places its standards on the highest level at an economic disadvantage in competing with States whose standards are at a lower level. Therefore, a premium is placed upon maintaining extremely low standards for amount of benefit and duration of benefit.

Mr. LEHMAN. Mr. President, will the Senator yield for a further question?

Mr. KENNEDY. I yield.

Mr. LEHMAN. There is no doubt in my mind—and I ask the Senator whether or not he agrees with me—that the question of the maximum and minimum rates of compensation in the various States is of paramount importance. Of even greater importance, it seems to me, is the matter of lack of uniformity of the period for which compensation is paid in the various States.

In my State of New York we are paying, and have paid for a considerable period of time, compensation for 26 weeks, but I understand that in a great many other States the number of weeks of compensation authorized is consider-

ably less than 26, and in some States, I believe, it is even below 20 weeks.

Mr. KENNEDY. The Senator is quite correct. In the State of Arizona the duration of benefits is as low as 12 weeks. Thus, an unemployed man in Arizona is entitled to receive unemployment compensation benefits for 12 weeks. Then he goes on public subsistence, or relief. In New York he is entitled to benefits for 26 weeks. The figure varies all the way from the low of 12 weeks in Arizona to the high of 26 weeks in New York.

Moreover, there is a corresponding difference in the amount of benefits, and therefore a corresponding difference in the amount of taxes paid by the employer. Thus, in States with lower standards, as compared to a State like New York, the employers are required to pay a correspondingly greater tax for this purpose. It seems to me that the whole purpose of the 0.3 percent offset when the Social Security Act was passed in 1935 was to provide a degree of uniformity among all the States and that the tremendous spread in benefits and duration which has been permitted to occur in the past 15 years has penalized States which have had a progressive, advanced system.

Mr. LEHMAN. I compliment the Senator from Massachusetts for pointing out the great variations in the period during which compensation is paid. The maximum weekly compensation and the minimum weekly compensation are, of course, of very great importance. Will not the Senator agree with me that where a State pays compensation for only 20 or 16 or, in the case of Arizona, 12 weeks, the impact on the employment situation and on the economic situation of the State is vastly increased; because if a man is thrown out on his own resources after only 12 or 14 or 16 weeks of compensation, he almost inevitably becomes a drain on the economy of the State?

Mr. KENNEDY. That is correct. I should also like to point out to the Senator from New York that this is not a matter between the North and the South. The State of Mississippi, which is frequently regarded as a low-income State, pays a higher ratio of benefit, using the average wage in the State, than any other State in the Union. Therefore, if the amendment which I propose should be adopted, it would probably cost employers in Mississippi less than it would cost employers in any other State. Mississippi's level has kept up higher in proportion to the average wage in the State since 1938 than has the level in all the other States, North or South.

Therefore, it is not a regional matter or a matter between regional economies; it is a matter of what is in the best interest of the economy of the country as a whole.

My amendment, as the Senator from New York knows, because he is a cosponsor of it, would merely provide for the acceptance of the standards recommended by the President in the belief that it is in the best interest of the Nation that all the States adopt these standards, and in that way strengthen the economic welfare of the entire country. Therefore, we should adopt those standards.

Mr. LEHMAN. Is that not clearly demonstrative of the fact that many of us on this side of the aisle are eager to support the President's programs when they are sound, although we do not receive very much encouragement?

Mr. KENNEDY. Exactly. The President, in his economic report, at page 98, states:

> It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks, and that they make the benefits available to all persons who have had a specified amount of covered employment or earnings.

That is exactly what this amendment does.

In addition, the report states:

> Originally, upon the recommendation of the President's Committee on Economic Security in 1935, the States set benefits generally at 50 percent of weekly wages. However, they also fixed dollar maximums which have since significantly curtailed the benefits.

Then the report goes on to show how the effect of the ratio between the benefits and average wages has fallen from 50 percent to 33 percent. Therefore, he suggests that the maximums be raised so that they will equal at least half of the regular earnings.

I wish to emphasize that this is not a regional matter between the North and the South, and it is not a matter between Republicans and Democrats. After all, we are seeking to put into effect only what the President has recommended.

In the light of this need for strengthening our unemployment compensation program, what does the Reed bill do? It does nothing to increase the level or duration of benefits paid to unemployed workers. The Senator from New York [Mr. LEHMAN] and I were discussing the fact that there should be at least a minimum period for the duration of benefits. The pending bill as now written does nothing about it. It does nothing to safeguard effectively the unemployment compensation reserves of those States hit hardest by chronic and excessive unemployment. It does nothing to protect employers in such States from excessive tax rates. It does nothing to spread the risk of unemployment—a national problem—more evenly throughout the Nation. It does nothing to prevent the dissipation in an administrative pork barrel of those Federal unemployment compensation funds which should be used for benefits where needed most.

As the Senate knows, the purpose of the original 0.3 percent offset provision was not only to provide for a system of unemployment compensation in all the States, but it was also to provide for the cost of administration. Since that time, over 13 of our States have received a substantially greater sum for administration than they have paid in. Yet under the bill which is before us in the Senate each State would receive back, to be available for both administration and unemployment compensation benefits, the percentage that their wages bear to the total national payroll. This will mean that there will be dissipated in administrative costs some money which should be going into the reserve fund for unemployment compensation benefits.

The pending bill does nothing to protect the taxpayers from making additional appropriations for unemployment compensation administration in years of heavy unemployment, even though Federal funds collected for this purpose in previous years would—if preserved—be sufficient for such purposes. It does nothing to prevent unfair competition among States and employers through the undercutting of jobless benefit standards. It does nothing to bolster the purchasing-power potential of unemployment compensation during a serious economic decline. It does nothing to further President Eisenhower's recommendation of higher benefits and longer periods of payment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. MORSE. The Senator has been talking about the fact that this problem is not between the North and the South, or between the East and the West, or a partisan problem. I completely agree. My question is this: Is it a States rights problem? Does the Senator from Massachusetts agree with me that there is no problem of States rights involved? There is only a problem of the Federal Government laying down reasonable standards—which we have a right to expect the States to comply with if they seek to have the benefit funds contributed by all the taxpayers of the United States—for the use of Federal funds for the relief of an unemployment problem no matter where it exists, because no matter where it exists, it is a national problem. Does the Senator agree with that?

Mr. KENNEDY. The Senator is absolutely right. It is not an intrusion into the rights of States to set minimum standards. We do it with respect to minimum wage laws, and in many other fields, for example, public assistance. The real question is what is in the best interests of the country. Is it in the best interests of the country to permit competition among the various States to provide for the lowest possible protection, because it gives the employers within a State a temporary advantage in paying a lower tax? Is it in the best interests of the country, therefore, to permit that situation to go on, or is it in the best interests of the country to provide for minimum standards which will maintain consumer purchasing power and provide protection for those States which give an adequate return in both amount and duration to their employees who are thrown out of work?

It seems to me it is in the best interests of the States, particularly those States which are trying to do a good job, that we provide reasonable minimum standards.

Mr. MORSE. If the Senator will yield I should like to ask him a few questions.

Mr. KENNEDY. I am glad to yield.

Mr. MORSE. I should like to ask the Senator some questions bearing upon the philosophy of the bill, because whenever

we have before us a major piece of legislation—and this is very important legislation—I always seek to determine to my satisfaction what the underlying legislative philosophy of the bill is.

I should like to ask the Senator from Massachusetts if it is his opinion that in this dynamic capitalistic system of ours we have been seeing evolving for some time, and for several years past, a growing recognition on the part of the people of the country, the people as a whole have very definite moral responsibilities in connection with alleviating grave hardships of unemployment.

Mr. KENNEDY. I certainly agree.

Mr. MORSE. Does the Senator from Massachusetts share my view that if we accept that as a major premise, then we must look at legislation such as a means of implementing the Full Employment Act of 1946? When Congress passed that act it recognized the fact that there is an obligation on the part of our Government to do what it can, within reason and in keeping with sound public policy, to bring about an economic condition in the country that makes it possible for all who are well and able to work to have full employment. Does the Senator agree with me?

Mr. KENNEDY. Yes. I think it is obvious that the individual employer is not really in position, in most instances, to affect very much the employment level in his company, and is dependent upon the flow and ebb of the economy of the Nation as a whole. Therefore, it seems to me that the Federal Government has a definite responsibility, and, as the Senator says, it has recognized its responsibility in the Full Employment Act of 1946 to intervene in an effective manner in this field and not merely to leave the States and individual employers to cope with the problem.

Mr. MORSE. I doubt if a more important point can be made in this discussion than is the point which the Senator from Massachusetts has just made, namely, that we must recognize that as the result of a gradual change in the nature of our economic system, the individual employer can no longer be looked to as the one who has the primary responsibility of taking care of the unemployment needs of his employees. It is a difficult point to get people to see at first glance, but I think what we need to recognize is that this economy of ours has become so complex and so interrelated that employers A, B, and C, and on down through the rest of the alphabet, multiplied many times throughout this country, irrespective of the State in which their operations exist, cannot be looked to by the people of the United States to take care of unemployment on a plant-by-plant basis. After all, they are not the determiners of cause to effect and effect to cause in the whole matter of employment and unemployment in the United States.

There are so many factors completely beyond the control of employers which determine unemployment, that if we really believe in this capitalistic system of ours—and I happen to be one who does believe in it—we must recognize a national obligation to relieve unemployment. The preservation of the economic freedom of choice for the individual calls upon all of us, as a society of free people acting through our Government, to see to it that the unemployment needs of our people are taken care of through such an amendment as we propose, or else the Full Employment Act of 1946 becomes just so many empty words.

Does the Senator find himself in any strong disagreement with that general point of view?

Mr. KENNEDY. No, I do not. I must also say I do not quite understand why whoever drew the act was so insistent on prohibiting a State from instituting a uniform tax reduction below the 2.7 level. It seems to me it is based to a substantial degree on a fallacious theory that an employer, if he takes proper precautions, can prevent widespread unemployment in his particular industry. I think time has proved that to be incorrect. I should like to have seen the bill reported out by the Finance Committee permit a State to reduce its rate to less than 2.7 on a uniform basis, because I think the theory behind the experience rating is not completely borne out by our actual experience.

Mr. MORSE. I think the Senator is absolutely correct. If the Senator will permit this observation, let me supplement the approach which the Senator is making to the question.

I wish to join with the Senator from New York [Mr. LEHMAN] in highly commending the Senator from Massachusetts for his suggestion that the act needs to be amended in accordance with the provisions of the amendment which the Senator is offering in behalf of the rest of us who are cosponsors. I commend the Senator from Massachusetts for the leadership he is extending to the Senate and to the country in reference to this matter. He is correct in pointing out today that, after all, this problem of unemployment cannot be solved on the basis of any individual employer plan.

Let us consider a specific example. I become a little bit amused sometimes when I listen to some of the reactionary business leaders of the country who talk about a return to laissez faire and to the economic jungle law of unfettered supply and demand. We usually find them talking in those terms when their business is prosperous, but they talk a different tune if we run into them a few months later and find that economic forces over which they have no control at all are playing havoc with economic conditions in their industry. Then they do not talk about laissez faire or about the operation of the unfettered law of supply and demand. When unemployment hits their business they want the Government to do something immediately.

Then they are strong for the assumption on the part of the Government of some of its responsibility in keeping with the spirit of the Full Employment Act of 1946 by way of Government aid in the direction of Federal assistance to the States through unemployment insurance compensation.

Let us take a situation such as exists in the manufacture of television sets, of automobiles, farm machinery, or a great many of the other durable goods which for the past year have been suffering from a recession, so far as employment is concerned and so far as purchasing power of potential customers is concerned.

Does the Senator from Massachusetts agree with me that there really was not very much, for example, that the television industry or the farm-machinery industry or the automobile industry could do about the growing unemployment, because of the fact that the forces causing it were far beyond any forces operating within the industry, so far as causal forces were concerned?

Mr. KENNEDY. Yes; I agree with the Senator. I have some figures which show a higher tax rate on textile producers, located in all parts of the country, as compared with the rate the service industries and insurance companies, which are not subject to the same fluctuations in supply and demand, have to pay. Some persons have the idea that employers should be penalized for having a streak of unemployment. It is obviously not their responsibility. It is the economy as a whole which affects them, and they have no control over it.

The Senator is perfectly correct in his point of view.

Mr. MORSE. It is certainly not fair, in such circumstances, to have unemployed individuals suffer losses which, after all, were caused by economic forces in this country over which neither they nor the employer had any control.

Mr. KENNEDY. That is correct. It seems to me, as the Senator from Oregon points out, that the question is broader than that of employer and employee; it is larger than a State problem. We have come a long way since 1935. While the system was put into effect as far as it could have gone in 1935, it seems to me that to consider the question as a State problem, and to permit the duration of a wide disparity of benefits after 18 or 19 years of experience under the act, is simply to fly in the face of all the facts which have become known throughout the country.

Mr. MORSE. I have only 1 or 2 more points I wish to raise at this time, but they deal with hypotheticals which we have been discussing.

Let us consider textiles, automobiles, television, farm machinery, or any other product manufactured in the durable goods industry, in which there has been so much unemployment during the last year. Does the Senator from Massachusetts agree with me that there has been a need for the goods produced by those manufacturers? Does he agree that there has been a need for the farm machinery; that there has been a need, so far as the replacement of cars is concerned, for considerable quantities of automobiles, for which the prospective consumers have not been able to find the purchasing power? Certainly there has been a need for textiles, but the fact is that there has not been the purchasing power in the consuming public as a whole which would be sufficient to justify employers, if they are to operate at a profit, and not at a loss, to operate their plants at that capacity which would keep their

regular staffs employed. Is not that correct?

Mr. KENNEDY. That is correct.

Mr. MORSE. So, again, we are confronted with the old problem of maintaining a relatively high purchasing power on the part of the masses of all our people, if the capitalistic system is to be kept functioning in a healthy state. Is not that true?

Mr. KENNEDY. Yes; that is correct.

Mr. MORSE. Therefore, if the laissez faire doctrine is accepted, or if it is said that the law of supply and demand should be allowed to rule, with all the human suffering that goes along with it, we are simply inviting a further reduction in the purchasing power; and if that reduction develops, the Nation will find itself in what is called a cycle of recession or depression. Is not that true?

Mr. KENNEDY. That is correct. Therefore, I think, as the Senator from Oregon has said, it is of immense concern to all of us, in all parts of the country, that several States are operating with inadequate standards. In those cases the people who receive unemployment compensation, or who should get the benefit of it, will not receive a sufficient amount of money with which to maintain consumer purchasing power. So this is not a matter from which we should be removed; it is a matter which is of direct concern to all of us.

Mr. MORSE. That is why, in my judgment, the Federal Government has, at least, the responsibility of saying that it recognizes a national interest in maintaining a fund for unemployment benefits to the States. But, in return, the States have an obligation to the Federal Government to make certain that they maintain what we are now talking about, namely, a level of decent State standards, so that the State policies do not lead to such a loss in purchasing power that the loss in State X can have a very detrimental effect, as the waves of causation of economic disaster spread across the country. Those waves spreading across the country would not have such a serious detrimental effect if all States maintained high standards of unemployment benefits. As a result of the low standards in State X a great many thousands of persons would lose their purchasing power. Their unemployment benefits would run out at a very early date, and that would begin to set in motion, of course, an economic wave which is bound to result in economic losses in other States. Does the Senator from Massachusetts disagree with that?

Mr. KENNEDY. That is quite true. What is really objectionable is if the inadequate benefits in State X are kept inadequate simply because the State desires to enjoy a competitive advantage over another State, which is maintaining its standards high, and is imposing a far higher tax on its employers. It seems to me that States which provide inadequate benefits are working against the general interest.

Mr. MORSE. The last question I wish to ask, at least at this time, deals with the point which the Senator from Massachusetts has heard me discuss at some of the conferences of a group of Senators of whom the junior Senator from Massachusetts has been a very helpful member. It is the point involving the so-called low-income producers in America, especially the mass of people throughout the country who gross $3,500 a year or less.

As the Senator knows, the number of persons in that class is so large that if they should be taken out of production, across the country, they would bring the whole economic system to a complete standstill in a very, very short period of time. Some economists say it would result in the economic collapse of the United States in 6 months. Whatever the period of time may be—let us call it X period of time—the fact is that those low-income producers are so vital to the operation of the economy that if there should be taken away from them even the low purchasing power which they have our economy would collapse. Is not that true?

Mr. KENNEDY. That certainly is true. The Senator from Oregon was earlier talking about the problem of employment in the Pacific coast industries. It was pointed out in the hearings that in the jewelry and textile industries, in which there has been very chronic unemployment, the average tax rate for those industries was 5.31 percent. This indicates a tremendous disadvantage to the States which suffer from chronic unemployment, particularly in those with less stable industries. As the rates go up, other employers have to bear some of the load, or else have to move out of the State. That is why there is the migration of industry to other areas. The reason why some States maintain lower standards is that they feel it is an attraction for industry. I believe such action is against the whole spirit of the act and the reason for its original passage. Certainly it should be against the public interests at the present time to allow such practices to continue.

As the Senator from Oregon has stated, the people who are denied adequate benefits are those who play a very important role in maintaining a pliable economy.

Mr. MORSE. If the Senator from Massachusetts will permit me to do so, and if there is no objection, I wish to summarize the point of view I have sought to express in the RECORD in my colloquy with the Senator, because I believe it involves a principle which I find so many people overlook when they approach the problem of unemployment compensation.

As the Senator from Massachusetts knows, we are meeting people all the time who say, "Why are you voting for funds to pay people for not working?" I usually laugh, and say, "I am doing it to help you."

It is important to get the average citizen to understand the vested interest he has in unemployment benefits; that it is to the benefit of every citizen in the country that unemployment benefits be paid. The Government should not be parsimonious about it, either, because of the point I have made, namely, that the whole economy benefits from unemployment benefits. The money the doctor collects, the fees which the lawyer takes into his office, the earnings of the retail merchant, the income received in any trade and profession is dependent upon the purchasing power of all the people. I do not care what individual in the economy is selected, his economic well being is dependent, after all, upon the so-called great mass of producers in the low-income brackets at least being able to maintain a standard of living of health and decency. Too many of them receive wages so low that they cannot maintain a minimum standard of living, of health, and decency. I am not talking about the substandard wage group at this particular moment. As to those, I simply say we have a tremendous obligation in this country to see to it that legislative assistance is given to them so that their standard of living can be raised, by making it very clear to the industries in which they work that those industries have no right to operate unless they are willing to pay a wage which permit their workers to enjoy a standard of living of health and decency.

In a great many arbitration decisions, I have put it this way: There is no industry in this country which has the right to expect the rest of the population to subsidize its employees for what is needed over and above the substandard wages that the industry pays. Every industry should be expected to pay wages high enough to give its employees a wage of health and decency. I have heard much criticism of that point of view but more and more people are coming to recognize its soundness. Under our capitalistic system no industry has a right to operate on a substandard wage. That is not free competition. That is not free enterprise. That is exploitation of the economically weak.

I say, ignoring the substandard wage group, there are many, many millions of men and women working in American industry today and receiving wages so low that they gross $3,500 a year or less. They are the ones to whom we need to give particular concern in connection with this matter of unemployment benefits. When unemployment benefits to persons in that group are considered, and the suggestion is made that the unemployment benefits for whatever period of weeks unemployment insurance is going to be paid those persons should approximate their weekly wages, we find uninformed individuals saying, "Why, it is better if that fellow does not work. He is better off if he does not work at all."

The answer to that argument is that the rest of us in this country are not better off at all if he does not work. We are not better off if economic conditions have closed down the industry in which he was employed, and there is no job available to him. We are not better off if the unemployment benefits he receives are so small that he cannot purchase the necessities of life. Most of these workers have a hard time making both ends meet on the pay they get for full-time employment.

That is particularly true, Mr. President, of the millions who receive a gross income of $2,500 or less a year. Individuals who gross $2,500 or less a year today, if they have any family at all, just cannot make ends meet and give their

families that minimum standard of living which we call the standard of living of health and decency.

So I happen to be one who says that my confidence in our free enterprise system is such that I am satisfied that if we look at the question from the standpoint of our national obligations, we should do what we can to see to it that an employee in that group receives unemployment compensation which would come pretty close to his take-home pay if employed. When that much is given to him, we are not giving him very much.

Mr. President, those persons are so vital to the continuation of our economic system that, without their production, it would break down completely. If that premise is true—and one cannot find a reputable economist in this country who would deny it—then I say that the Congress, when it comes to the consideration of legislation such as that now before the Senate, should ask itself this question: What is the legislative philosophy behind this bill? What is it we are seeking to do?

Let me say, Mr. President, we not only are seeking to be of humane help to unemployed persons, but we are seeking also to help ourselves, each and every one of us, be we doctors, lawyers, manufacturers, businessmen, or candlestick makers. We all have a vital interest in seeing to it that a person in the low-income group in this country is able to maintain a purchasing power which will permit him to live in health and decency, because if we do not, then I respectfully submit serious economic trouble will confront us. Unchecked unemployment always creates the danger of a serious recession which may develop into a runaway depression.

I thank the Senator from Massachusetts for answering the questions I asked, and for engaging me in this discussion. I am sure at least the consponsors of the amendment are of one mind as to the philosophy of the substitute amendment offered.

REVISION OF ORGANIC ACT OF VIRGIN ISLANDS — CONFERENCE REPORT

Mr. CORDON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see RECORD of House proceedings of today.)

Mr. CORDON. Mr. President, I send to the desk, and ask to have printed in the RECORD a statement with respect to the report, chiefly because it refers to the late Senator Butler, of Nebraska, the distinguished former chairman of the Committee on Interior and Insular Affairs, under whose direction the bill was prepared, and who directed the proceedings during conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The other body today unanimously adopted the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill, S. 3378, to revise the Organic Act of the Virgin Islands of the United States.

This report is signed by all of the conferees of both Houses. The conferees have reported a clean bill, the substance of which is the Senate measure with certain features approved by the House. The Members of the Senate will recall that the Senate bill was introduced and reported by the late distinguished chairman of the committee, the Honorable Hugh Butler of Nebraska. The former chairman of the committee was greatly interested in trying to improve conditions for our 25,000 fellow American citizens in the Virgin Islands, and in many ways this legislation is a memorial to him.

In substance, enactment of the conferees' bill would be a long step forward in making the people of the Virgin Islands self-sufficient economically. It provides for a grant out of the internal revenue taxes on Virgin Islands products of a sum equal to the amount of revenue collected by the government of the Virgin Islands. This is a "matching funds'" grant, dollar for dollar.

The conferees' bill also makes possible the establishment of a "free port" in the Virgin Islands which the committee was assured would enable these American possessions to compete on a basis of equality with the neighboring British, French, and Dutch Caribbean Islands for the so vital tourist business in the area.

Politically, the conferees' bill would modernize and streamline the present archaic local governmental structure in the Virgin Islands. Thus, by providing better government, it provides more true local self-government.

The present Organic Act of the Virgin Islands dates from 1936. Many of its provisions are characteristic of the extreme paternalism that dominated much of the legislative thinking of the mid-1930's. It also borrowed much from the old Danish colonial system that had been in effect in the islands in one form or another for some two and one-half centuries.

For example, for the mere 25,000 people, with an electorate of less than 10,000, three separate and distinct local governments—three legislative bodies—were set up. The members, elected by popular vote, were left free to determine the length of their sessions and the amount of their compensation. As a result they are in more or less continuous session and have voted themselves annual salaries of up to $2,300. And many of them represent less than 2,000 voters. Last year, legislative costs for the 25,000 persons in the islands approximated $100,000.

One of the worst features of the present act is the absolute veto, in substance, that the legislatures have over the Governor. The Governor, a Presidential appointee, cannot hire a man to sweep the floor of the executive office without obtaining the prior approval of the legislature.

This inevitably has made local government subject to a great deal of petty politicking and has not always led to the appointment of the right man to the right job.

The conferees' bill would change all of this and establish a single popularly elected legislature of 11 members, more directly responsible to the majority of the voters. At the same time it would untie the hands of the Governor.

The present Governor, Hon. Archie A. Alexander of Iowa, was a highly successful businessman and leader before his selection by President Eisenhower. He is capable of bringing honest, efficient, responsible government to the Virgin Islands. But he cannot do so unless we untie his hands, as does this bill.

Therefore I urge adoption of the conference report on S. 3378.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LENNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LENNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the conference report.

Mr. MORSE. Mr. President, I should like to ask just one question with regard to the conference report. From what my colleague said, I think it is perfectly clear that the report limits itself entirely to the bill on the Virgin Islands. Is that correct?

Mr. CORDON. Yes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER FOR RECESS TO 11 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

Mr. KENNEDY. Mr. President, I desire to express to the Senator from Oregon my appreciation for his comments. As he stated in his last comment, no employer should have the right to pay substandard wages. Certainly, it seems to me, to be true also that no State should feel satisfied if it maintains payment benefits for a substantially shorter period of time than the period during which other States maintain such benefits, since that simply means that other States and their citizens would be maintaining the general

economy. In addition, those States which make payments for a shorter period of time than their sister States would be exploiting the other States; and in granting to their citizens less than standard minimum benefits, they would be obtaining benefits from the other States for which they were not paying.

So, just as it follows that all employers should maintain the minimum standards, so I believe it follows that all States should maintain the minimum standards. That is the purpose of this amendment, which does no more than put into effect President Eisenhower's recommendation of minimum standards.

Therefore, we come to the question of whether President Eisenhower's recommendation should be translated into action by the States. As I have already stated, none of the 19 State legislatures which have met since then, with the possible exception of the Michigan Legislature, have taken affirmative action to meet the definite minimum standards the President has recommended. Therefore, it seems to me it is up to Congress to put those standards into effect

Mr. President, it can be stated flatly that this bill is not in conformance with the views of the Bureau of the Budget, which represents the views of the President; or with the views of the Department of Labor, which administers this program on the Federal level; or with the views of the Department of the Treasury, which is charged with the responsibility of collecting the unemployment tax.

What this bill does do, as I shall outline in more detail in contrasting its provisions with those of the substitute amendment I have submitted, is to permit an unjustifiable raid on our unemployment compensation benefits, making impossible the necessary Federal aid to the States hardest hit by unemployment, making impossible nationwide standards or adequate levels of unemployment benefits, and in general weakening our jobless-insurance program at a time when it is in critical need of improvement.

The bill grants money to the States, regardless of need, without requiring that such funds be used to increase benefits, instead of reducing taxes, building huge idle reserves, or permitting administrative luxuries over the level regarded by Congress to be proper and efficient. It takes money which thousands of unemployed workers who have exhausted their benefits in the State of Rhode Island could use to bolster their living standards and their purchasing power, and permits it to be used for the construction of a new State employment security bureau building in any State. The Federal Government, which collects that tax, would be given no opportunity to say whether the building was excessively luxurious, and it would be unable to protest the fact that it had already given to the same State all money necessary for administrative expenses, even in excess of the moneys collected within that State by the Federal tax. In short, the Reed bill undermines the basic premises of our unemployment compensation system, and wastes these valuable funds at the very time when they are most in need of preservation.

THE PENDING AMENDMENT

Thus, it is particularly important that the Senate add to this bill the sections contained in the pending amendment, which, by establishing the benefit standards recommended by the administration, strengthen the fundamental structure of this program, and improve the protection it offers to jobless individuals. I particularly want to emphasize the point that these sections establish nationwide standards for the amount and duration of unemployment compensation benefits at levels recommended by President Eisenhower, Secretary of Labor Mitchell, and the Tripartite Federal Advisory Council.

Under these standards, an individual would receive a benefit equal to at least 50 percent of his own weekly wage, except that this is reduced in the case of higher paid employees to a maximum not greater than two-thirds of the State's average weekly wage. This was the maximum recommended by the Department and the Council, although experience may demonstrate that an even higher maximum is necessary in order to carry out the President's request that most individuals receive 50 percent of their own wage.

As President Eisenhower pointed out, this was the level originally intended by the authors of the Social Security Act. The report to the President of the Committee on Economic Security, in 1935, stated that it was basing its cost assumptions upon a benefit rate in all States of 50 percent of wages; that it was including such a provision in its model bill recommended to State legislatures; and that it was setting its maximum benefits at $15 or more which, in those times, was in practically every State 60 percent to 90 percent of average weekly wages.

Mr. JACKSON. Mr. President, will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. I yield.

Mr. JACKSON. First, I should like to commend the distinguished Senator from Massachusetts for the outstanding contribution he has made in an effort to bring the Unemployment Compensation Act up to date. As I understand, his amendment in the nature of a substitute, of which I am happy to be one of the sponsors, in effect carries out the recommendation made some time ago by the President of the United States in urging the States to make these changes. Is that correct?

Mr. KENNEDY. That is quite correct. In its report to the President, the Committee on Economic Security stated, in 1953:

> It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks.

It was also suggested that the States put into effect the same standards of benefits contained in this amendment.

So, in substance, by means of the amendment it is proposed to put into effect the benefits the President recommended that the States put into effect. Since the President made his recommendation, the legislatures of approximately 19 States have met and could have done something about the matter, but they failed to do so.

Therefore, the question is whether the President's recommendation is sound, wisely conceived, and in the best interests of the country. I believe it is. I believe it should be adopted as an amendment to the pending bill.

Mr. JACKSON. The President made that suggestion and recommendation some time ago; did he not?

Mr. KENNEDY. Yes; last February.

Mr. JACKSON. And the President gave the State legislatures an opportunity to meet. I am informed that approximately 19 State legislatures have met, but that no action on this subject has been taken by them.

It seems to me that if the President's recommendation was sound in the beginning—and I believe it was—there is no reason in the world why Congress should not at this time carry out his recommendation, by adopting the amendment in the nature of a substitute which has been offered by the distinguished junior Senator from Massachusetts, on behalf of himself and other Senators.

Mr. KENNEDY. Mr. President, I appreciate the fact that the Senator from Washington is a cosponsor of the amendment and I am grateful for his remarks. As the President pointed out in his report:

> The report to the President of the Committee on Economic Security, in 1935, which led to the adoption of the Unemployment Compensation Act, stated:
>
> "In our calculations a 50-percent compensation rate and a maximum of $15 per week were assumed."

In other words, in figuring out the tables the Committee on Economic Security proceeded on the assumption that benefits would be about 50 percent of wages. The President made an allusion to this report, and since that time, of course, wages have increased substantially and benefits have declined, until now they are less than 33 or 32 percent. Therefore we have fallen behind to a great extent, which fact has had a substantial effect on our economy, with respect to the benefits which were in effect when the Unemployment Compensation Act was passed in 1935.

Mr. JACKSON. Is it not true that certain areas of the United States have been harder hit, and have had to carry a heavier load in this particular area of compensation than have other sections of the United States?

Mr. KENNEDY. Yes; but as I pointed out earlier, this is not a North-South issue, because the State of Mississippi has kept its benefits, in relation to the average wage in that State, higher than has any other State of the Union. Therefore, it would cost the State of Mississippi less to increase its employers' tax than it would cost any other State if the President's standards were met. So this is a matter which affects both North and South. It would cost my State substantially more than it would cost certain other States.

Mr. JACKSON. I understand that; but the substitute has as its objective insuring certain national standards; does it not?

Mr. KENNEDY. That is correct.

Mr. JACKSON. Standards which represent an absolute minimum so far as the carrying on of an adequate program of unemployment compensation insurance is concerned.

Mr. KENNEDY. That is correct. I think the important point for the Senate to realize is that the standards vary greatly. As I pointed out, the State of Arizona pays unemployment compensation for a duration of only 12 weeks. The State of New York pays for 26 weeks. There is a great difference in the duration of the benefits and in the amount of the benefits. In many States, particularly during the 1949 recession, hundreds of thousands of people exhausted their benefits and went on public relief. They were no longer making a contribution toward a strong economy. Therefore, it seems to me that the President's recommendations were most valid and timely, and it seems to me that we can take a long step forward toward putting them in effect.

When Senator Wagner made his speech in 1935 proposing the amendment, he stated that it was based on the assumption that unemployment compensation benefits would be "at a rate equal to about 50 percent of the working wage."

As the President pointed out, that rate has now fallen to 33 percent. So as wages have gone up, it seems to me that it becomes high time for us to do something about unemployment compensation benefits.

Mr. JACKSON. Is it not true that unemployment, when it occurs, is a national problem? The whole philosophy of our unemployment-insurance program in the past has been to recognize unemployment as a national problem, but leaving to the States the opportunity of administering the program in the various communities, subject to Federal standards, because they know best the problems in their own areas, so far as administration is concerned.

Mr. KENNEDY. That is correct.

Mr. JACKSON. The substitute merely pursues that philosophy to its logical conclusion, and strengthens the whole unemployment-insurance program by establishing certain minimum national standards for all 48 States to follow, so as to have a public program administered on a national level, as well as local administration in the States.

Mr. KENNEDY. The Senator from Washington is correct. As he knows, the reason why the unemployment compensation tax was devised was that in 1935 there was a feeling that no one State could afford to put into effect an unemployment-compensation system while other States did not. The manufacturers of the other States would have an unfair competitive advantage over the manufacturers of the State with the high standard. The State with the adequate unemployment-compensation system would be at a distinct disadvantage. Therefore, it was felt that uniformity was desirable.

The same is true today. No State can afford to put into effect ideal benefits if the program costs its manufacturers an excessive amount. Particularly is that true where its competitive position with similar business in other States is adversely affected. Therefore, by providing for a certain platform below which benefits may not go, we would prevent a situation in which industry would flow to the State which pays the least benefits and would reward the State which maintains the lowest benefits. This principle is contained in the minimum wage and many other laws.

Mr. JACKSON. Recognizing unemployment as a national problem, the substitute proposal, it seems to me, pursues that philosophy very effectively in providing certain minimum national standards.

Mr. KENNEDY. That is correct.

Mr. JACKSON. There is nothing in the substitute proposal which does violence to the basic philosophy behind the Unemployment Insurance Act, as provided in the Social Security Act of 1935. Is that correct?

Mr. KENNEDY. That is correct. The program would be administered at the State level. The amendment would permit the States to set the standards of eligibility, the rules for disqualification, and other details. All we seek to do is to set the duration and the payment benefits.

I thank the Senator from Washington for his contribution to the discussion of my amendment.

The report to the President of the Committee on Economic Security in 1935 stated that it was basing its cost assumptions upon a benefit rate in all States of 50 percent of wages; that it was including such a provision in its model bill recommended to State legislatures; and that it was setting its maximum benefits at $15 or more which, in those times, was from 60 to 90 percent of average weekly wages in practically every State.

Unfortunately, State inaction and lack of congressional action has permitted existing standards to fall below that level; and the time has come when the attempt by the Committee on Economic Security to maintain standards at the State level—a plan which they described as "frankly experimental" and which they anticipated would "require numerous changes with experience"—must be amended by Congress in the fashion presented by this amendment, in keeping with their proviso that "the Congress can at any time increase the requirements which State laws must fulfill."

Under this amendment, the maximum primary benefit without dependent allowances would have to be raised in Mississippi only from $30 to $32, and in North Carolina from $30 to $35; but benefit levels in other States have not similarly kept pace with wages; and thus in most States maximum primary benefits would be raised $15, $20, or $25 over their present levels.

The duration of benefits under our amendment is set at 26 weeks, which is the amount recommended by the President and the Secretary of Labor "in order to assure that even in a minor business downturn most workers would remain protected by the program until they could find other jobs." About one-half of our State programs already meet this standard. The Assistant Secretary of Labor in a recent letter to unemployment compensation directors pointed out that "by providing all eligible workers with 26 weeks of benefits, the effectiveness of the program in relieving unemployment distress and as a counterrecessionary device will be greatly strengthened."

The Reed bill, H. R. 5173, contains no standards whatsoever, even in the distribution of Federal funds to the States; and it would negate any possibility of standards by granting States funds above and beyond their needs.

This responsibility for adequate improvements in Federal-State unemployment compensation programs in order to meet the national problems of unemployment and business adjustment cannot be accomplished by urging States to take action individually, when such action may impair their competitive position, vis-a-vis, States which fail to take such action. Moreover, in the 18 years that this law has been on the books, the States have failed to maintain standards adequate to meet the problem. The result has been a burden to the taxpayers by increases in the relief rolls, the exhaustion of the savings and assets of individual employees, and the lowering of individual living standards and purchasing power. About 40,000 workers a week are exhausting their rights under inadequate duration of benefit payments today. In some States, the period is only 16 weeks. In 1949, almost 2 million persons exhausted their rights in a short time, according to the President. Even while benefit payments continue, the average payment is less than $25 a week, which replaces only about $1 out of each $5 in lost wages and salaries, and is not sufficient to permit the unemployed worker to meet his immediate expenses and to pay his bills to the business community.

These inadequacies are not the result of a shortage of funds, inasmuch as large reserve funds have been accumulated to a total of almost $9 billion. It is not a result of the 2.7-percent limit on employer taxation provided by the law; for the average tax paid by employers now is less than half of that level. Whatever the cause of State inaction has been, this experience indicates that Congress can no longer ignore its responsibilities in the field of unemployment insurance. The best and probably the only hope that workers will receive adequate protection during extended periods of unemployment—and no worker prefers an unemployment benefit to wages even if that benefit is two-thirds of his wages—is for Congress to act now to establish standards for payments and payment durations. Unemployment is governed by nationwide economic forces and should be dealt with on a nationwide basis.

Establishment of nationwide standards does not mean complete federalization of unemployment compensation. On the contrary, it stabilizes the program, in contrast to the degree of federalization which would result from the Reed bill. That bill would require State legislatures to appropriate funds raised by Federal tax. It encourages State employment agencies to expand their various administrative services to be subsidized by Federal funds. Its lending provisions require a change in the constitutional structure of many States. Its harsh provisions for repayment would keep some States continually dependent upon Federal loans to replenish the State reserves they are unable to build up. And, finally, those States whose reserves are not adequately aided by this bill, whose benefits may have to be sharply reduced and taxes sharply raised in order to prevent a collapse during heavy unemployment, will certainly demand complete federalization of the entire unemployment-compensation system.

In summarizing the need for more adequate standards of unemployment-compensation benefits, permit me to point out the two primary results of adequate levels cited by President Eisenhower: First, such benefits "can sustain to some degree the earner's way of life as well as his demand for commodities"; and, secondly, they "can help to curb economic decline during an interval of time that allows other stabilizing measures to become effective." These same objectives were endorsed by the Joint Committee on the Economic Report in pointing out the necessity of such action "to relieve individual distress" and "to minimize the loss in consumer demand," regardless of whether the current trend in unemployment improves in the near future.

COST OF THE EISENHOWER STANDARDS

Inasmuch as several Senators have raised questions concerning the cost of these standards, some discussion of this problem is necessary. First, permit me to stress again that these are the recommendations of the administration, which I am confident would not impair the solvency of any State fund or impose a heavy tax burden on any employer. Second, these standards would raise benefits to the same proportionate level at which they were maintained during the 1930's at which time the costs of the program were certainly manageable. Third, it should be remembered that the Reed bill provides that employers in those States which have not repaid their loans in that brief period which the President has deemed excessively harsh would be subject to an annual increase in their tax of 5 percent. Thus, an employer now paying to the Federal Government three-tenths of 1 percent in unemployment tax would find after 4 such years that he was paying 3 times that amount, an increase which the standards contained in this amendment could not possibly bring about. Fourth, I again remind the Senate that if this amendment is adopted, it is my hope that the Senate will also adopt all or part of the larger substitute we have offered, which would provide adequate protection for State reserves through a system of nationwide reinsurance.

Finally, I have been able to obtain rough estimates of the costs of the administration standards to the United States as a whole and to the 10 States which include two-thirds of the employees covered under this law. For the United States as a whole, assuming claim loads and economic conditions to be comparable to those prevailing in 1952, the increase in present costs due to the higher benefit amounts and longer benefit duration recommended by President Eisenhower would total no more than 40 percent. Inasmuch as State reserves are today more than 6 times as high as the average annual benefit payments, a 40-percent increase in cost would not require any increase in the tax rate, at least in the foreseeable future, assuming that the average rate of unemployment fluctuates in a manner similar to that of the last 8 years, during which those reserves have been building up as the result of tax collections greater than expenditures. Indeed, the Reed bill—in section 1201 (A) (1)—does not consider a State fund to be in any serious difficulty unless it is less than the amount of benefits paid out during the previous year. Thus, even if 10 years of the Eisenhower standards reduced the size of State reserves to a level 4 times—instead of 6 times—as much as the amount paid out in benefits in an average year, such State reserves would still be more than adequate and tax levels would not have to be increased.

Moreover, if the maximum 60-percent increase in cost was to be paid for entirely by tax increases, it would mean an increase in the average contribution rate from its present level of 1.3 percent to approximately 2 percent, still well below the normal rate of 2.7 percent.

Similar figures are available on a State-by-State basis. Of course in those 22 or so States that already have the 26 weeks duration, that particular standard will cost nothing; and in a State such as Mississippi where the maximum benefit is already approximately two-thirds of average weekly wages, the cost of that provision would be little, if anything. In those 10 States which constitute 63 percent of covered employment, the range in the total increase in present costs caused by the Eisenhower standards is from 20 percent to 55 percent, except for 1 State where the increase would be 83 percent—and inasmuch as the reserve in that State is nearly 25 times as high as average annual costs, such an increase will hardly make a dent. With but a few exceptions—and admittedly a few States might in a serious recession need assistance through reinsurance—State reserves are at least 4 times as high as average annual costs since World War II, and most of them are 10 or 20 times as high. Moreover, only Rhode Island is maintaining the full 2.7 percent tax rate, with a large proportion of the rest of the States maintaining an average tax rate of less than 1 percent, on which a 40-percent or even an 80-percent increase in cost would have little effect.

CONCLUSION

Our concern, therefore, should not be over the cost of such standards to our State systems, but over the cost of unemployment and inadequate unemployment benefits. These are costly, and dearly so, in terms of living standards, purchasing power, relief rolls, productivity, and community morale and security.

The Senate is to be given the opportunity to vote on whether it favors improved benefits to our unemployed workers, or whether it is opposed to such benefits. The issue is clear, the standards are reasonable, the times critical. Let us demonstrate to the unemployed and to the Nation that we have not forgotten these basic principles of our society.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Massachusetts [Mr. KENNEDY] for himself and other Senators.

Mr. SALTONSTALL. Mr. President, I understand my colleague has finished his prepared speech on the subject. However, I understand he may wish to summarize his remarks a little tomorrow morning and to answer any question that may be asked of him. Inasmuch as the session of the Senate will begin at 11 o'clock tomorrow morning, I hope my colleague will be on the floor promptly at that time, in order that he may be available to continue his remarks as soon as the morning business has been completed.

Mr. KENNEDY. Mr. President, I shall accompany my colleague to the floor.

AUTHORITY FOR COMMITTEE ON FOREIGN RELATIONS TO FILE REPORT DURING RECESS OF THE SENATE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be given permission until midnight to file its report on the mutual security authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS TO 11 O'CLOCK A. M. TOMORROW

Mr. SALTONSTALL. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 35 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Tuesday, July 13, 1954, at 11 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate July 12 (legislative day of July 2), 1954:

POSTMASTER

William P. Gray, to be postmaster at Pleasant Hill, Mo.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 12, 1954

The House met at 12 o'clock noon.

Rev. Benjamin J. Talledge, Congregational Church, Bloomer, Wis., offered the following prayer:

Let us pray.

Our Father God, Thou who art the author and sustainer of life, we thank Thee for this beautiful summer day, also for our Nation and all the rights and privileges we enjoy under our Government. Grant all of us knowledge and wisdom to make possible the best utilization of that with which we are surrounded, that as individuals we may grow and develop physically, socially, mentally, and spiritually.

Help us all to do our tasks well, and to be loyal to Thee as our God, and in our stewardship of life manifest a concern for our fellow men. Amen.

The Journal of the proceedings of Thursday, July 8, 1954, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihal Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 1673. An act for the relief of James I. Smith;

H. R. 2763. An act to amend the Tariff Act of 1930, so as to modify the duty on the importation of wood dowels, and for other purposes;

H. R. 6080. An act to authorize the appropriation of funds for the construction of certain highway-railroad grade separations in the District of Columbia, and for other purposes;

H. R. 6725. An act to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps;

H. R. 7128. An act to amend the act entitled "An act to provide an immediate revision and equalization of real-estate values in the District of Columbia; also to provide an assessment of real estate in said District in the year 1896 and every third year thereafter, and for other purposes," approved August 14, 1894, as amended;

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C., sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701);

H. R. 9006. An act to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material;

H. R. 9077. An act to amend section 405 of the District of Columbia Law Enforcement Act of 1953, to make available to the judges of such District the psychiatric and psychological services provided for in such section;

H. R. 9242. An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes; and

H. J. Res. 534. Joint resolution to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 120. An act for the relief of Gerasimos Giannatos;

S. 231. An act for the relief of Otmar Sprah;

S. 232. An act for the relief of Hugo Kern;

S. 328. An act for the relief of Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Augilera Gutierrez, and Armando Casimero Gutierrez;

S. 673. An act for the relief of Urho Paavo Patoski and his family;

S. 771. An act for the relief of Anni Wolf and her minor son;

S. 808. An act for the relief of Frederick Wiesinger;

S. 810. An act for the relief of Jan E. Tomczycki;

S. 964. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado;

S. 966. An act for the relief of Demitrious Vasililous Karavogeorge;

S. 1212. An act for the relief of Alice Masaryk;

S. 1585. An act to amend the District of Columbia Traffic Act, 1925, as amended;

S. 1611. An act to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes;

S. 2380. An act to amend the Mineral Leasing Act of February 25, 1920, as amended;

S. 2381. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain;

S. 2387. An act for the relief of Willy Voos and his wife, Alma Voos;

S. 2389. An act to amend the act of December 3, 1942;

S. 2456. An act for the relief of Martin Genuth;

S. 2504. An act for the relief of Elisa Albertina Cioccio Rigazzi or Elisa Cioccio;

S. 2510. An act for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz;

S. 2512. An act for the relief of Jeannette Kalker and Abraham Benjamin Kalker;

S. 2542. An act for the relief of Glicerio M. Ebuna;

S. 2587. An act for the relief of Domenico Peri;

S. 2635. An act for the relief of Nadeem Tannous and Mrs. Jamile Tannous;

S. 2655. An act to amend the District of Columbia Teachers' Salary Act of 1947, as amended;

S. 2686. An act to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932;

S. 2687. An act to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions;

S. 2798. An act for the relief of Azizollah Azordegan;

S. 2958. An act for the relief of Ida Reissmuller and Johnny Damon Eugene Reissmuller;

S. 3085. An act for the relief of Mrs. Helen Stryk;

S. 3306. An act for the relief of Kang Chay Won;

S. 3329. An act to amend the District of Columbia Police and Firemen's Salary Act of 1953, to correct certain inequities;

S. 3344. An act to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes;

S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the agreement for the Promotion of Safety on the Great Lakes by Means of Radio;

S. 3482. An act to amend the District of Columbia Unemployment Compensation Act, and for other purposes;

S. 3506. An act to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia;

S. 3518. An act to amend the laws relating to fees charged for services rendered by the office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes;

S. 3546. An act to provide an immediate program for the modernization and improve-

ment of such merchant-type vessels in the reserve fleet as are necessary for national defense;

S. 3558. An act to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907;

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the Bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority;

S. 3681. An act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes;

S. 3683. An act to amend the District of Columbia Credit Unions Act;

S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases; and

S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas relating to the waters of the Sabine River.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. Con. Res. 75. Concurrent resolution favoring the suspension of deportation of certain aliens.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 2236) entitled "An act for the establishment of a Commission on Area Problems of the Greater Washington Metropolitan Area," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SCHOEPPEL, Mr. BUTLER, and Mr. JOHNSON of Colorado to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2759) entitled "An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. PURTELL, Mr. GOLDWATER, Mr. HILL, and Mr. LEHMAN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) entitled "An act to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes."

SPECIAL ORDERS GRANTED

Mr. BROWN of Georgia asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered.

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 20 minutes today, following the legislative program and any special orders heretofore entered.

AMENDMENT TO ATOMIC ENERGY ACT OF 1946

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report and additional views on the bill, H. R. 9757.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

TIGHTENING LABOR MARKET

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend his remarks, and to include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, I am distressed to hear of the tightening labor market in Chicago. The reports that come to me do not jibe with the rose-colored words of the administration.

The Members of this body, regardless of political affiliation, desire to be accurately informed in order that proper measures may be taken in time to ward off a serious recession. We do not want a repetition of 1929 when in July the Republicans met at Jackson, Mich., to celebrate the achievement of a permanent prosperity and a few months later came the economic explosion plunging the Nation into the darkest years of its history.

This is no time for us to be lulled to quiet slumbers by excessive optimism. If we do nothing and adjourn, hoping that all will be well, complacency later may come to plague us.

The Chicago Sun-Times of this morning carries the news that due to diminishing employment only half as many high school students have succeeded in finding summer jobs as in the summer of 1953 and that college enrollments for this fall have taken a 4 percent drop.

The Sun-Times article follows:

FEWER TEEN-AGERS ABLE TO FIND SUMMER JOBS

(By Ruth Dunbar)

The teen-ager who hoped to earn spending money during summer is having a tough time. A tightening labor market is blamed.

The board of education has issued only half as many work certificates to public and parochial high-school students as it had at this time last year. Certificates are granted after the student has lined up a job.

In June of this year, 3,204 certificates were issued. In the previous June there were 6,143.

NINE THOUSAND THREE HUNDRED FIFTEEN GET JOBS

During the first 6 months of 1954, only 9,315 teen-agers were given certificates, compared with 18,330 for the same period last year.

The Illinois State Employment Service reports that students from practically every high school in Chicago still are seeking summer jobs. Although the agency has done all it can to stir up employment, it is unable to place the youngsters.

The Chicago Park District, which employs many teen-agers as lifeguards and laborers reported it had far more applications than last year.

Kenneth W. Lund, director of child study for public schools, predicted the labor shortage would encourage more students to stay in school until graduation, rather than dropping out to earn easy money.

SEE COLLEGE DROP

The prediction seems to be borne out by summer enrollment in public high schools, which increased from 5,538 last year to 5,630 this term.

However, fewer June high-school graduates are planning to go to college in fall.

A survey shows that 37.7 percent of this year's graduates will enroll in full-time colleges and universities next fall. Last year, the percentage was 41.3. The number who plan to attend part-time has dropped from 11.6 percent last year to 8.9 percent.

WAR-BUILT PASSENGER-CARGO VESSELS

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. TOLLEFSON, ALLEN of California, RAY, BONNER, and SHELLEY.

SGT. WELCH SANDERS

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5158) for the relief of Sgt. Welch Sanders, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

ESTATES OF OPAL PERKINS AND KENNETH ROSS

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5433) for the relief of the estates of Opal Perkins,

and Kenneth Ross, deceased, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 13, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

IMMIGRATION AND NATIONALITY POLICY

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, several days ago an application for a visa by a Greek girl was refused on the ground that at some time or other she had done some illustrating work for a Communist magazine. This, Mr. Speaker, is an example of the kind of sabotage that is taking place every day in an attempt to discredit what is truly a liberal immigration and nationality policy. How a visa could be refused that girl last week, when 3 weeks ago 5 Russian chess players were permitted to come to the United States accompanied by a goon squad of 16 strong-arm police to prevent their defection, certainly indicates to me that an investigation should be made in order to determine who it is in a place of responsibility who is a party to this scheme to sabotage the Immigration and Nationality Act.

HOUSECLEANING IN THE EXECUTIVE DEPARTMENTS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, what the gentleman from Pennsylvania [Mr. WALTER] said, is unfortunately, all too true. But every time you start to clean house in any of these executive departments, they jump all over you.

I notice in this week's Collier's there is a long, long article about the attempted housecleaning in the Department of State. Apparently the President put someone in down there to clean the rascals out, to use an old expression. But right away along comes this New Deal writer and she just gives them hallelujah—the other way, in reverse.

What I would like to ask the gentleman from Pennsylvania [Mr. WALTER] is, how many of these people, who are doing this dirty work that he is talking about, are holdovers, and why all this kicking every time the administration tries to oust one of them? That is a question that somebody ought to answer.

Mr. WALTER. Does the gentleman want me to answer the question?

Mr. HOFFMAN of Michigan. Yes.

Mr. WALTER. The Republican Party has no corner on virtue and Americanism.

Mr. HOFFMAN of Michigan. That is right.

Mr. WALTER. These people owe no allegiance to either political party.

Mr. HOFFMAN of Michigan. That is right; but every time we try to fire one of them, you find a New Deal writer helping them out and covering up for them.

MILITARY CONSTRUCTION

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ARENDS, SHAFER, JOHNSON of California, VAN ZANDT, VINSON, KILDAY, and RIVERS.

REENACT AUTHORITY FOR APPOINTMENT OF CERTAIN OFFICERS OF REGULAR NAVY AND MARINE CORPS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the regular Navy and Marine Corps, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ARENDS, SHAFER, JOHNSON of California, VAN ZANDT, VINSON, KILDAY, and RIVERS.

TWO ADDITIONAL ASSISTANT SECRETARIES OF THE ARMY, NAVY, AND AIR FORCE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3466) to provide for two additional assistant secretaries of the Army, Navy, and Air Force, respectively.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. VINSON. Mr. Speaker, reserving the right to object, will the gentleman from Illinois [Mr. ARENDS] explain to the committee the purpose of the bill.

Mr. ARENDS. Mr. Speaker, I shall be glad to.

The purpose of S. 3466 is to authorize the appointment of two additional Assistant Secretaries for each of the military departments. If the bill becomes law, each of the military departments will then have a Secretary, an Under Secretary, and four Assistant Secretaries. The Secretary of Defense, Mr. Wilson, specifically requested this legislation and I think he is to be commended for his efforts to bring about greater efficiency in the military departments and the Department of Defense. He is of the opinion that the present organization of the military departments fails to provide for the current organizational needs of these departments and does not permit the military secretaries to divide properly the responsibilities among their civilian assistants.

Secretary Wilson is also of the opinion that two additional secretaries in each of the military departments will do much toward improving the civilian control of each of the military departments as well as increase the efficiency of each of the military departments.

And of probably greater significance is the fact that the additional Assistant Secretaries in each of the military departments will strengthen the operational and functional control of each of the military departments and will permit the Department of Defense to concentrate its activities on the question of overall policy control as originally contemplated by the National Security Act.

One of the new Assistant Secretaries in each of the Departments will be an Assistant Secretary for Financial Management. This Assistant Secretary may also act as comptroller for his department if so designated by the Secretary.

The Committee on Armed Services strongly recommends that in the title of one of the Assistant Secretaries the words "Research and Development" be inserted by administrative action so as to place proper emphasis on the importance of this activity. We recognize, of course, the desirability of flexibility in these matters and have therefore not attempted to designate by law the titles of all of the Assistant Secretaries except that for Financial Management, but we do think each of the military departments should have an Assistant Secretary not only charged with the responsibility for research and development but who also will have within his title the words "Research and Development." This can be done administratively and can be changed if for some reason or other it is desired to place this responsibility in another Assistant Secretary. It is for the latter reason that we have not attempted to tie the hands of the Secretary by designating the title by law, but we do want to emphasize the importance of research and development.

If the proposed legislation becomes law there will be for the Army a Secretary of the Army, an Under Secretary, an Assistant Secretary for Financial Management, an Assistant Secretary for Manpower and Reserve Forces, an Assistant Secretary for Civil-Military Affairs, and an Assistant Secretary for Logistics who will also have the responsibility for

research and development. We recommend to the Secretary that this Assistant Secretary be known as the Assistant Secretary for Logistics and Research and Development.

In the Navy there will be a Secretary, an Under Secretary, and an Assistant Secretary for Financial Management who will also act as comptroller. There will also be an Assistant Secretary for Personnel and Reserve Forces, an Assistant Secretary for Materiel, and an Assistant Secretary for Air, a title already designated by previous law. We recommend to the Secretary that this title be augmented to that of Assistant Secretary for Air and Research and Development.

In the Air Force there will be a Secretary, an Under Secretary, an Assistant Secretary for Financial Management, an Assistant Secretary for Manpower, Personnel, and Reserve Forces, and an Assistant Secretary for Materiel. The fourth Assistant Secretary will be designated as the Assistant Secretary for Research and Development.

The Armed Services Committee thinks this legislation will do much to improve the efficiency of our military departments. We were particularly impressed with the statement made by Mr. Wilson that 20 years ago the total appropriation for the Army and Navy which included the Air Force, was approximately $650 million. Twenty years ago each department had a Secretary, an Under Secretary and two Assistant Secretaries. Today those departments are spending 75 times that amount of money but still only have a Secretary, an Under Secretary, and two Assistant Secretaries. It is obvious that there is considerable justification for the proposed legislation which would authorize the appointment of two additional Assistant Secretaries for each of the military departments.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present. There is no report on this bill here at the desk and no copies of the bill itself.

The SPEAKER. The Chair will count. [After counting.] Eighty-four Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 101]

Abbitt	Condon	Frazier
Angell	Cooley	Frelinghuysen
Barden	Coon	Fulton
Barrett	Corbett	Gamble
Becker	Cotton	Gavin
Bender	Coudert	Granahan
Berry	Curtis, Nebr.	Green
Betts	Davis, Ga.	Gwinn
Boland	Dawson, Ill.	Hand
Bonin	Derounian	Harris
Bosch	Dingell	Harrison, Wyo.
Bowler	Dodd	Hart
Bramblett	Dollinger	Harvey
Brooks, La.	Donohue	Hays, Ohio
Buckley	Donovan	Heller
Byrne, Pa.	Fallon	Hillings
Byrnes, Wis.	Feighan	Hinshaw
Camp	Fine	Holtzman
Celler	Fino	Howell
Chatham	Fisher	Hruska
Chudoff	Fogarty	Hunter
Jackson	Miller, Md.	Rooney
Javits	Miller, N. Y.	Roosevelt
Judd	Morgan	Scott
Keating	Morrison	Seely-Brown
Kelley, Pa.	Moulder	Shafer
Kelly, N. Y.	Multer	Sheehan
Keogh	Nelson	Short
Kersten, Wis.	Norblad	Sikes
Kilday	O'Brien, N. Y.	Taylor
King, Pa.	O'Neill	Thompson, Tex.
Klein	Osmers	Tuck
Landrum	Ostertag	Vorys
Lane	Patman	Wainwright
Latham	Patterson	Watts
Lesinski	Perkins	Weichel
Long	Philbin	Wheeler
Lucas	Pillion	Widnall
Lyle	Powell	Wier
McConnell	Preston	Willis
McGregor	Prouty	Wilson, Tex.
Machrowicz	Radwan	Yorty
Meader	Regan	Zablocki
Merrow	Richards	
Metcalf	Riehlman	

The SPEAKER. On this rollcall, 298 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING TWO ADDITIONAL ASSISTANT SECRETARIES OF ARMY, NAVY, AND AIR FORCE

The SPEAKER. At the time the point of order of no quorum was made, the gentleman from Georgia [Mr. VINSON] had the floor under a reservation of objection.

Mr. VINSON. Mr. Speaker, I withdraw my reservation of objection to the present consideration of the bill.

Mr. GROSS. Mr. Speaker, reserving the right to object, I should like the answers to a few questions concerning this bill. I do not know that I am going to object to the present consideration of the bill, if I can get a satisfactory explanation. As I understand it, this bill provides for six Assistant Secretaries, is that correct?

Mr. ARENDS. That is correct.

Mr. GROSS. How many Assistant Secretaries does the Department of the Navy now have? How many in other departments of the Military Establishment?

Mr. ARENDS. Two. If the gentleman would like, I have them right here and I can read them off for him. In the Office of the Secretary of Defense, we have the Secretary of Defense, the Deputy and 9 Assistant Secretaries. In the Navy, we have the Secretary, an Under Secretary and two Assistant Secretaries. In the Army, we have a Secretary, 1 Under Secretary, and 2 Assistant Secretaries. In the Air Force, we have a Secretary, 1 Under Secretary, and 2 Assistant Secretaries. In sum total, that means 23 in the regular establishment and adding these 6, we will have 29.

Mr. GROSS. That makes 29 Assistant Secretaries?

Mr. ARENDS. That is Under Secretaries and Assistant Secretaries all told.

Mr. GROSS. How in the world did we get through the Korean war without these additional secretaries? Can the gentleman or someone tell me when we are going to stop this empire building?

Mr. ARENDS. It just seems to me that the operations with the Department of Defense have become so huge that they simply have to have more personnel, if we are going to have efficiency in operation there. Here we are spending approximately $40 billion for the Department of Defense today, and I see no way out of it except to do some of these things if we expect to get a dollar's worth of defense for every dollar we spend. I know no other approach to the problem.

Mr. GROSS. Do we have less or more personnel in the Military Establishment than we had during the Korean war?

Mr. ARENDS. We have less now than we had at that time.

Mr. GROSS. Then why do we have to have these additional Assistant Secretaries?

Mr. ARENDS. They found them necessary. They feel they have to have them. They can do a better job. They want to put them in certain categories where a particular man is fitted into a particular job.

Mr. GROSS. What will be the salary of these Assistant Secretaries?

Mr. ARENDS. Approximately $15,000.

Mr. GROSS. What will be the upkeep of the offices of each of the new Assistant Secretaries, does the gentleman know?

Mr. ARENDS. I think the testimony revealed there will be no additional requirements as far as offices, and so forth and so on, are concerned.

Mr. GROSS. Each one of these new Assistant Secretaries will have to have a secretary, and each one will have to have a certain number of other people working in his office.

Mr. ARENDS. I think they have enough individuals who can take over these positions without having to go into the proposition of more offices and more secretaries and clerks and what have you. I think they can absorb all of this within the organization they now have.

Mr. GROSS. The gentleman is not going to tell me that each of these new Assistant Secretaries is not going to have a secretary and other employees in his office?

Mr. ARENDS. The people down there who are doing that kind of job now are available. We are hopeful, and on the testimony they gave us, we believe they have the help down there which is now available except for these Assistant Secretaries whom they would like to have appointed to head up these various organizations.

Mr. GROSS. I am convinced that these officers and their offices in addition to the salaries of $15,000 for each Assistant Secretary would cost many more thousands of dollars to maintain.

Mr. ARENDS. May I say one thing to the gentleman from Iowa, if he will permit: the gentleman from Iowa is in favor of economy, and so is every other Member of the House of Representatives. I am convinced, and sincerely believe, that the passing of this piece of legislation to permit the additional Assistant Secretaries will result in more efficiency and rather substantial savings to the taxpayers of this country, and, therefore, that is why I support this legislation.

Mr. GROSS. May I point out to the gentleman that I have opposed every

bill to add under secretaries and assistant secretaries to the Government departments since the beginning of last year, because I campaigned in 1952 for a program of economy, for cleaning out superfluous personnel in Government rather than creating new top-bracket offices and adding personnel. That is the reason I cannot understand why this administration would want to add six more assistant secretaries in the Department of Defense.

Somewhat more than a year ago—I believe it was February 1953—a bill was brought here and approved creating a new Under Secretary or Assistant Secretary of State. The sales talk we got at that time was that this new Secretary, if we would just put him on the payroll, would cut down on personnel in the State Department.

Mr. ARENDS. Will the gentleman permit me to make one short statement?

Mr. GROSS. Just let me finish, and then I will be happy to yield.

It is my understanding, as of less than a month ago, that the net reduction in personnel in the State Department, since this new Secretary took office has been 169 people. You cannot very well justify the creation of an Assistant Secretary, and the attendant expense that goes with such an office, to get rid of only 169 people. Certainly it was not necessary to employ a $17,500 official to slice that number from the payroll, especially in the State Department.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. ARENDS. This statement I have here is signed by Mr. Richard A. Budeke, Assistant Secretary, and the letter says:

> This legislation will not involve additonal fiscal expenditures. It is believed that the efficiency that will result from the more effective organization of the Military Departments along functional lines will not only result in sufficient economies to underwrite the cost of this legislation, but will in the long run save substantial appropriated moneys.

Mr. GROSS. With all due respect to the gentleman from Illinois, and I have great respect for him, this is the same argument we get every time some department wants more Assistant Secretaries.

Mr. TEAGUE. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Texas.

Mr. TEAGUE. I want to congratulate the gentleman from Iowa on the questions he has asked. This bill is certainly too important to be passed by unanimous consent. I am not sure that I would be against it but I think I would; at least it should be debated. Certainly civilians should be in control of our Armed Forces but it seems to me that the trend since the Unification Act has been for civilians to completely take over our Armed Forces. We now have 23 Under and Assistant Secretaries in the Defense Department. I believe the time will come when this Congress will regret having passed the Unification Act. It has brought a shift of power that should be very carefully watched. The gentleman from Iowa is doing his country a service by questioning this bill.

Mr. GROSS. I appreciate the gentleman's contribution.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MILLER of California. One of these Secretaries in each department will be put in charge of its research and development. That is where we are spending a great deal of money, and that is where we must coordinate if we are going to save money. In my estimation the money that can be saved by having the lines of these rather intangible research and development expenditures coordinated through one Secretary will more than justify the establishment of that office. I congratulate the gentleman, but let me say that the committee went into this very thoroughly, and I feel that it is quite justified.

Mr. GROSS. I yield to the gentleman from Texas [Mr. DOWDY].

Mr. DOWDY. Last year was there not created six new Assistant Secretaries in the Department of Defense under the Reorganization Act?

Mr. GROSS. I do not recall.

Mr. DOWDY. I believe that is right.

Mr. GROSS. I would not be surprised, and the observation by the gentleman from Texas [Mr. DOWDY], is another excellent reason why this proposal should not be hastily considered.

Mr. MARSHALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Minnesota.

Mr. MARSHALL. The gentleman realizes that we increased the Assistant Secretaries for the Department of Agriculture. In increasing the Assistant Secretaries for the Department of Agriculture I could not help but note a week ago how active one of those assistants was on the floor of the House. I presume the Defense Department also needs some people to take an active part.

Mr. GROSS. I appreciate the gentleman's observation.

I will say to the gentleman that I voted against the Assistant Secretaries for the Department of Agriculture, just as I will vote against this bill today unless complete justification is shown.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ARENDS. On the question which the gentleman asked about the reduction in personnel, from 1952 up to the present time there has been a reduction in civilian personnel within the Secretary's Office itself of approximately 500 individuals.

Mr. GROSS. I appreciate that. Then why back-track and add highly paid personnel rather than try to further reduce the expenditures of Government?

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARENDS]?

Mr. TEAGUE and Mr. CHELF objected.

Mr. McCORMACK. Mr. Speaker, I know it is not necessary for me to argue to or convince the members of this committee with the importance of military research in all of its aspects—basic, applied, development, and so forth, in our system of national defense.

Without minimizing in the slightest manner any activity of our military organizations I think it can be said that in the world of today and the foreseeable future, military research and the results thereof is of primary importance. Its value cannot be underestimated or undervalued with safety for our country. Research is of such importance that the very safety and future of our country may depend upon the brains and the ability of our scientists in the field of basic research and in the other vitally important fields of research.

There are some persons who honestly feel that military research should be completely divorced from the military. I respect their views and they may be right—but I am not prepared to go so far—and on the facts I have I am not of that school.

Several years ago I became disturbed over the relationship that existed in the field of military research. In this field we have two groups—the military and the scientists and technical—well meaning, but in many respects the opposite of each other—but each necessary to the other, and both as a real team vitally important to the defense and the national interest of our country. One is of necessity a disciplined group, subject to command—the other individualists searching for new discoveries.

Then when new discoveries are made those who pass upon their practicability, and those who develop new discoveries into practical and effective use.

These are very important persons.

It is vitally important that these two groups be developed into a real team in order that the maximum be obtained.

I was so disturbed by the relationship, that existed—of the domination of the scientist by the military, and the results thereof, that on several occasions I spoke to President Truman about it—as well as some members of this committee. Action was slowly taken as a result of which improvement occurred.

For the past several weeks the Riehlman subcommittee of the Committee on Government Operations has been looking into this matter, doing so in executive session and in a most constructive manner. Upon invitation, I have sat in with this subcommittee. It will make its report in the near future.

While progress in this delicate and highly technical and complex field has taken place in the past 2 years, there is room for more improvement.

It is generally recognized that a qualified civilian high in the line of command is of importance and value from an organizational angle in creating the partnership and teamwork necessary to get the maximum result.

We now have an Assistant Secretary of Defense for Research and Development. This only came after opposition from the military, honest, but wrong. I take some pleasure and I hope I am not wrong or presumptious in feeling the unpublicized fight I have been making for the past 4 years, at least I played some part in the establishment of this position.

The creation of this position is due more to congressional leadership than executive leadership.

The establishment of an Assistant Secretary of the Army, of the Navy, and of the Air Force for Research and Development would have a marked influence in cementing the military and the scientists and technical groups into a more effective team; would enable better and more effective coordination, reduce unnecessary and duplicating activities; save money, and with qualified men in those positions have an overall favorable effect that cannot be too strongly emphasized.

The mere fact that the services may not favor my bill or such actions is no justification for failure to act favorably.

In no way criticizing, progress of this kind is invariably made against honest but wrong thinking.

How often has it been that this committee had to use the judgment of its members against the recommendations of a department of our armed services, and in the great majority of such cases experience showed the judgment of the committee was right.

This, I respectfully submit, is another such case. It is another case where congressional leadership and action is necessary and should be taken.

First. Research is a field of vital importance to our national interest.

Second. Every effort should be made to have our military and scientists work as a team with and under the military, not military domination, but understanding leadership and guidance.

Third. The establishment of such positions in itself would remove from this important group the present feeling that as a group they are under suspicion. The other values I have ennumerated would follow.

Mr. Speaker and members of the committee, I feel very strongly on this matter. If what I have said appeals to your judgment I then ask you as a matter of conscience to include in any bill reported out provisions for the establishment of the position of Assistant Secretaries of the Army, Navy, and Air Force for Research and Development.

Such action will be further evidence of leadership on the part of your committee for greater military power. It will be in our national interest.

If what I propose and have said in support of my proposal appeals to your judgment, the failure of favorable recommendations, or even opposition on the part of the Department of Defense, or any of its component departments or services, should not deter you from taking favorable actions.

EXTENSION OF REMARKS

Mr. JONAS of North Carolina. Mr. Speaker, I ask unanimous consent to extend my remarks and include an analysis made at my request by the Bureau of the Budget of the basis upon which the President issued his instruction to the Atomic Energy Commission. I am informed that the material will occupy 4⅔ pages of the RECORD, and the total printing cost would be $396.67. Notwithstanding that, because of the general interest in this subject, I believe the material should be in the RECORD and I ask unanimous consent that it be included notwithstanding the additional cost.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that immediately succeeding the objection made by the gentleman from Texas [Mr. TEAGUE], I be permitted to insert a statement I made before the House Committee on the Armed Services in support of an Assistant Secretary for the Army, Navy, and Air Force, for research and development.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. ABERNETHY asked and was given permission to address the House for 45 minutes tomorrow, following any special orders heretofore entered.

Mr. PHILLIPS asked and was given permission to address the House for 45 minutes on Wednesday next, following any special orders heretofore entered.

Mr. JONAS of North Carolina asked and was given permission to address the House for 30 minutes tomorrow, following any special orders heretofore entered.

COMMITTEE ON RULES

Mr. NICHOLSON. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE TEXAS CITY TIN SMELTER

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 615 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of Senate Concurrent Resolution 79, to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin. After general debate, which shall be confined to the concurrent resolution, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the concurrent resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the concurrent resolution for amendment, the Committee shall rise and report the concurrent resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Massachusetts is recognized for 1 hour.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and yield myself such time as I may use.

Mr. Speaker, I rise to urge the adoption of House Resolution 615 which will make in order the consideration of the concurrent resolution Senate Concurrent Resolution 79, to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin.

Senate Concurrent Resolution 615 provides for an open rule with 1 hour of general debate.

Mr. Speaker, this concurrent resolution would provide that the Government-owned tin smelter at Texas City, Tex., should continue in operation until June 30, 1955, and that the production of tin by the smelter during fiscal year 1955 may be transferred to the national stockpile.

This legislation would also provide, Mr. Speaker, that the President should under authority contained in existing legislation, transfer from the Reconstruction Finance Corporation to another Government agency of his choice the functions, powers, duties, and authority necessary to operate the Texas City tin smelter, because of the expected dissolution of the Reconstruction Finance Corporation.

Finally, Mr. Speaker, this resolution would provide that Congress through an appropriate committee conduct a study and investigation of the advisability of maintaining on a permanent basis a domestic tin industry and the availability of supplies of tin to meet all requirements in times of emergency. Congress would be instructed in this legislation to adopt not later than April 30, 1955, appropriate legislation on the subject.

Mr. Speaker, it seems to me that while this study of just what our long-range policy with regard to tin smelting should be, is being made, that the extension of the authority to continue the smelting facilities in Texas City for another year, is a good plan. It would be foolish to decide what our policy shall be in haste, for we may thus make a wrong decision which would cost us dearly in times of emergency.

I hope that in view of these facts that the Congress will adopt the rule so that we may consider Senate Concurrent Resolution 79.

Mr. COLMER. Mr. Speaker, I have no requests for time on this side.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that Senate Concurrent Resolution 79 be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the Government tin smelter at Texas City, Tex., should be continued in operation at least until June 30, 1955, under the provisions of section 2 of Public Law 125, 80th Congress.

SEC. 2. It is the further sense of the Congress that the President, pursuant to the authority contained in Public Law 125, 80th Congress, and Public Law 163, 83d Congress, should transfer at the earliest practicable date all functions, powers, duties, and authority under Public Law 125, 80th Congress, as amended (the tin program), from the Reconstruction Finance Corporation to such officer, agency, or instrumentality of the United States as the President may designate.

SEC. 3. It is the further sense of the Congress that pursuant to section 1 (c) of Public Law 125, 80th Congress, an appropriate committee or committees of the Congress shall be designated pursuant to a subsequent resolution to conduct the study and investigation of the matters with respect to tin which were determined by section 1 (c) to be required in the public interest and in promotion of the common defense. Such study shall be concluded and a report with respect thereto filed with each House of Congress no later than March 15, 1955.

SEC. 4. It is the further sense of the Congress that the Congress should, after consideration of the reports filed pursuant to section 3 of this resolution, but not later than April 30, 1955, adopt appropriate legislation with respect to the tin program of the United States.

With the following committee amendment:

Page 1, line 6, after the word "Congress", insert "and the tin produced may be transferred to the national stockpile."

The committee amendment was agreed to.

The Senate concurrent resolution was agreed to.

The title was amended so as to read: "To express the sense of the Congress on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin."

A motion to reconsider was laid on the table.

STRENGTHENING THE BOND WITH OUR WESTERN HEMISPHERE ALLIES

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, it is most gratifying to note the action of this Congress in the adoption of Senate Concurrent Resolution 79, providing for the continuance of the Government tin smelter at Texas City, Tex., and requiring a further study of the entire subject.

The CONGRESSIONAL RECORD and the daily press are filled with words on the subject of how our country can gain friends and keep its allies. In this field of foreign affairs more than anywhere else, actions speak louder than words.

It is the kind of action called for by this resolution that will make friends for us. I agree with our South American friends who urge that this country must do more to back its protestations of friendship.

The continuance of the purchase of tin ore from Bolivia is a positive demonstration of our desire to help our allies in the Western Hemisphere. Such conduct on our part, however, is more than just aid to a neighbor. It is a necessary part of our own defense and our national security. The cost of this program should not be charged to any foreign-aid program. It is an integral part of our own defense program and should be treated as such. At the same time, it helps build up and make stronger our friendly neighbors.

SPECIAL ORDER GRANTED

Mr. JONES of Alabama asked and was given permission to address the House for 15 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

FEDERAL RESERVE ACT

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 618 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9144) to amend section 24 of the Federal Reserve Act, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may desire.

Mr. Speaker, I rise to urge the adoption of House Resolution 618 which will make in order the consideration of the bill (H. R. 9144) to amend section 24 of the Federal Reserve Act, as amended.

House Resolution 618 provides for an open rule with 1 hour of general debate on the bill itself.

Mr. Speaker, H. R. 9144 proposes to correct an omission made last year when the Small Business Act of 1953 was enacted. The Small Business Act authorized national banks, as well as State-chartered banks, to participate in loans made by the Small Business Administration.

Section 24 of the Federal Reserve Act imposes certain restrictions on loans secured by real estate which may be made by national banks. However, the limitations of section 24 with respect to real-estate loans made by national banks are not applicable with respect to loans in which the Reconstruction Finance Corporation or the Housing and Home Finance Administrator cooperates.

H. R. 9144 would merely place real-estate loans in which the Small Business Administration cooperates in the same status as similar loans made by the Reconstruction Finance Corporation and the Housing and Home Finance Administrator.

Mr. Speaker, this bill was originally proposed by the Treasury Department in order that maximum participation by national banks in carrying out the purposes of the Small Business Act of 1953 might be achieved.

The Bureau of the Budget has voiced no objection to the provisions contained in the bill, and I hope that the House membership will adopt the rule which will make possible the consideration of this bill.

Mr. SMITH of Virginia. Mr. Speaker, I yield back my time.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the fourth paragraph of section 24 of the Federal Reserve Act, as amended (U. S. C., 1952 edition, title 12, sec. 371), is amended by adding in clause (d) the words "or the Small Business Administration" after the words "the Housing and Home Finance Administrator" and by adding the words "or of the Small Business Act of 1953," after the words "Housing Act of 1948, as amended."

Mr. WOLCOTT. Mr. Speaker, this bill would bring within the purview of the Federal Reserve Act as amended the authority on the part of national banks to participate in real-estate loans to small business. As is recited in the report, this is brought about because of an inadvertence when we passed the small business bill. It merely brings the Small Business Administration in line with the Housing and Home Finance Agency and the other agencies mentioned in the report. It makes it a little easier for small business to make and participate in loans by national banks.

Mr. Speaker, I have no further requests for time on this side.

Mr. SPENCE. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I voted in the committee to report this bill and I am for it, but my vote for it cannot be construed as an approval of the record of the Small Business Administration.

The Small Business Administration was organized in June 1953. It was open for applications in September of that year. I am reliably informed that

up to June 17, this year, there have been 2,146 applications for loans; 39 direct loans have been granted, which totaled $2,180,210. I think it is reasonable to assume that out of those more than 2,000 applications a good many of them complied with the requirements and were entitled to some assistance. I voted for this bill because I hoped it might stimulate this organization to do better in the future than it has in the past. Certainly this record on the face of these figures is not a record to commend them and I hope there will be something of repentance and reform in the future.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. SMITH of Virginia. I was interested in the statement that only 39 loans had been made since this organization was formed and that they had loaned out $2 million. I should like to ask the gentleman, what was the administrative cost of lending the $2 million; how much has it cost to operate that agency?

Mr. SPENCE. I do not have that figure, but I am confident it cost the Small Business Administration more to administer its affairs up to June 17 than it has loaned. They were authorized to lend $250 million.

Mr. SMITH of Virginia. And they loaned $2 million.

Mr. SPENCE. So far by direct loans. There were deferred participations in 45 loans. They have not been serviced yet. The amount there is $1,978,200. There were immediate participations in 9 loans in the amount of $415,550. But added all together, it makes a miserable record for an organization that was created to render a service to the business people of the country that we thought was necessary at that time and is still necessary.

The Reconstruction Finance Corporation might have been maintained as a standby organization. It had a wide experience and a good record in assisting small business. It was discontinued. All of its powers were transferred to the Small Business Administration and this is the record that they have made since September 1953.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield further?

Mr. SPENCE. I yield.

Mr. SMITH of Virginia. Since propounding my question to the gentleman, I am reliably informed that it has cost more in administrative expenses to make the $2 million worth of loans than the total of the loans made. In other words, we have sent more than $2 million to make $2 million worth of loans.

Mr. SPENCE. I think that is obvious.

Mr. SMITH of Virginia. If that is correct—and I am informed that it is—it seems to me that it is about time that we put a stop to this absurdity.

Mr. SPENCE. Mr. Speaker, you must consider this bill as an incentive to the Small Business Administration for repentance and reform. They could do better, and I hope they will. That is the reason I voted to report this bill.

Mr. WOLCOTT. Mr. Speaker, I rise in opposition to the pro forma amendment, in order to clear up the situation. I do not think we should have to be repentant with respect to what the Small Business Administration has been doing. Their activity is not confined to making loans solely. They do a world of good among small business organizations which come to them for help and technical advice, such as is available to most big businesses which have their own research organizations. They spend hundreds of millions of dollars to maintain themselves in a position where, through research and development, they can compete one with the other. The Government has set up the Small Business Administration more to put small business in a position where, through development practices, small business can better compete with big business. So we should not say that the cost of operating the Small Business Administration is more than the amount of the loans.

I might mention also that this Congress has two Select Committees on Small Business. We might as well charge off all of the expense of operating the Select Committees on Small Business of both the Senate and the House against this, to be logical, if that is the guide that we must follow, although it is not the guide and should not be the guide. I do not think anyone in this House would want to eliminate the help which the Small Business Administration gives to small business.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. PHILLIPS. Is it not also a fact that one of the functions of the Small Business Administration is to gather together individuals or groups of small merchants so that they may take advantage of group contracts, an effort which large business is able to do, but which small business can only do by coordination because it costs money?

Mr. WOLCOTT. That is correct.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPENCE. I am not advocating that we abandon it. I am only advocating that they do better in the future than they have in the past. I am not entirely in accord with the statement made by the able chairman of the committee, that advice is a substitute for money when a man is in trouble. I have no doubt that they are profuse with their advice, but when the man came for a loan, and I think the statement I have made will not be controverted, he did not get it.

Mr. WOLCOTT. This bill facilitates the help which small business can get either in the field of loans or research by making it possible for the national banks to make the same type of loans that the Reconstruction Finance Corporation or the Housing and Home Finance Administration is making at the present time.

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I have listened with interest to the apologetic remarks of my good friend, the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Mr. Speaker, I shall yield to the gentleman—I want to say I construe the remarks he made to be apologetic.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield now so that I may answer the statement which he has just made.

Mr. McCORMACK. I yield.

Mr. WOLCOTT. I am not apologizing for the Small Business Administration. I think they have done a splendid job.

Mr. McCORMACK. I construe the gentleman's remarks to be very apologetic, and the gentleman can have his own views, but the fact remains that the Small Business Administration has done very little since its establishment. The further fact remains that when the bill was up here, there were some of us who recognized that there were written into the law limitations upon real action by this Administration. For example, there was a limitation of $150,000 as the extent of a loan. Some of us from New England pointed out that small, independent businesses in New England and particularly in the industrial areas of the country greatly exceeded that amount. I agree that some good can come out of it, and I am satisfied that there will be more good to come out of it in the future than there has been in the past. But when the gentleman from Michigan makes reference to the remarks made on the floor today by other Members, my mind goes back not so many weeks ago when the chairman of the special small business committee, the gentleman from Colorado [Mr. HILL] addressing a meeting of some of the officials in the various regional offices of this Administration, which was held in Washington, severely and properly, I thought, called to their attention the fact that they were making very few loans, and that they would have to form an organization which in cooperation with the banks would more effectively carry out the intent of Congress within the limits of the organic act. I think it is pretty generally understood that we could improve the law we passed, which is now on the statute books. Of course, until that times comes, I do not expect that the so-called small, independent business firms of America are going to get the maximum consideration that they should get, and which they should receive through this governmental action. There is no question but that up to this time, this Administration has not made many loans. The reason why they have not made many loans is very evident.

I am also satisfied, since the gentleman from Colorado [Mr. HILL] made his remarks, and they were very able and constructive remarks, that there has been improvement. But when the gentleman from Michigan undertakes to tell Members of the House that this Administration has been doing an outstanding job, there are some of us who are acquainted with the record up to date who know that it has not been an outstanding job. We are hopeful that as a result of what the gentleman from Colorado [Mr. HILL] said, and I compliment him for the statement he made several weeks ago, that there will be decided improvement. I

am satisfied that since he made his remarks there has been improvement in the right direction.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. YATES. As a matter of fact, it has only been the pushing and the persuasion by congressional committees, the Committee on Appropriations and the Select Committee on Small Business, that the Small Business Administration has made any loans at all. Most of the loans that have been made have not been made directly to small businesses, but the vast majority of them have been in cooperation with banks to the small business of the country.

Mr. McCORMACK. The gentleman is a member of the committee?

Mr. YATES. I am.

Mr. McCORMACK. And as I recall, I sent the gentleman a copy of the CONGRESSIONAL RECORD in which the speech made by our colleague, Mr. HILL, was printed.

Mr. YATES. The gentleman is absolutely correct.

Mr. McCORMACK. It was a very fine speech, but he unmistakably called to their attention the fact that there was keen disappointment in what had been accomplished up to date.

Mr. YATES. That is absolutely correct. As a matter of fact, under the first Administrator appointed to the Small Business Administration, whose name was Packard, I think, there were no loans made. He was opposed to making loans. It was only after Mr. Barnes was appointed in December that they started making any loans at all.

Mr. McCORMACK. Whom did Mr. Barnes succeed?

Mr. WOLCOTT. William Mitchell.

Mr. YATES. I thank the gentleman. It was William Mitchell. He refused to make any loans at all.

Mr. McCORMACK. I understand he is now employed in the Department of Agriculture.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AMENDMENTS TO THE BANKHEAD-JONES FARM TENANT ACT

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 617 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1276) to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Agriculture now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. Speaker, I rise to urge the adoption of House Resolution 617 which will make in order the consideration of the bill S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act.

House Resolution 617 provides for an open rule, waiving points of order and allows for the consideration of the committee substitute amendment as an original bill for purposes of amendment. One hour of general debate is provided on the bill.

Mr. Speaker, S. 1276 will provide the authorization for the Secretary of Agriculture to increase the rate of interest to not to exceed 5 percent in the case of direct FHA loans and to a base interest of not in excess of 4 percent on insured mortgage loans. The report on this bill emphasizes the fact that the present interest rates on FHA loans are too low and thus compete unfairly with private loans. Consequently instead of farmers coming to the FHA people as a last resort when they fail to get loans through private lending means, the farmers come directly to the FHA which was never the intent of the Congress when the enabling legislation was originally passed.

S. 1276 will also permit the Farmers' Home Administration to make direct loans on the security of second mortgages where the combined value of the first and second mortgages does not exceed the value of the farm as certified by county FHA officials.

The third major provision in this bill, Mr. Speaker, will permit FHA to sell property acquired by foreclosure to corporations engaged in the farming business if such a corporation makes the highest bid for the property.

Lastly, S. 1276 extends to several recent acts of Congress the authority for FHA to protect its investment and its security by making advances to protect its loans or bidding for and purchasing at foreclosure sale or otherwise property which has been pledged as security for such loans.

Mr. Speaker, S. 1276 includes many provisions recommended by the Secretary of Agriculture. The Committee on Agriculture has studied this whole subject at great length and I hope that the rule will be adopted and that the bill itself will pass.

Mr. SMITH of Virginia. Mr. Speaker, I have no requests for time.

Mr. NICHOLSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

REVISED ORGANIC ACT OF THE VIRGIN ISLANDS

Mr. SAYLOR. Mr. Speaker, I call up the conference report on the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2105)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter inserted by the House amendment insert the following: "That this Act may be cited as the 'Revised Organic Act of the Virgin Islands'.

"SEC. 2. (a) The provisions of this Act, and the name 'Virgin Islands' as used in this Act, shall apply to and include the territorial domain, islands, cays, and waters acquired by the United States through cession of the Danish West Indian Islands by the convention between the United States of America and His Majesty the King of Denmark entered into August 4, 1916, and ratified by the Senate on September 7, 1916 (39 Stat. 1706). The Virgin Islands as above described are hereby declared an unincorporated territory of the United States of America.

"(b) The government of the Virgin Islands shall have the powers set forth in this Act and shall have the right to sue by such name and in cases arising out of contract, to be sued: *Provided*, That no tort action shall be brought against the government of the Virgin Islands or against any officer or employee thereof in his official capacity without the consent of the legislature constituted by this Act.

"The capital and seat of government of the Virgin Islands shall be located at the city of Charlotte Amalie, in the island of Saint Thomas.

"BILL OF RIGHTS

"SEC. 3. No law shall be enacted in the Virgin Islands which shall deprive any person of life, liberty, or property without due process of law or deny to any person therein equal protection of the laws.

"In all criminal prosecutions the accused shall enjoy the right to be represented by counsel for his defense, to be informed of the nature and cause of the accusation, to have a copy thereof, to have a speedy and public trial, to be confronted with the wit-

nesses against him, and to have compulsory process for obtaining witnesses in his favor.

"No person shall be held to answer for a criminal offense without due process of law, and no person for the same offense shall be twice put in jeopardy of punishment, nor shall be compelled in any criminal cause to give evidence against himself; nor shall any person sit as judge or magistrate in any case in which he has been engaged as attorney or prosecutor.

"All persons shall be bailable by sufficient sureties in the case of criminal offenses, except for first-degree murder or any capital offense when the proof is evident or the presumption great.

"Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.

"No law impairing the obligation of contracts shall be enacted.

"No person shall be imprisoned or shall suffer forced labor for debt.

"All persons shall have the privilege of the writ of habeas corpus and the same shall not be suspended except as herein expressly provided.

"No ex post facto law or bill of attainder shall be enacted.

"Private property shall not be taken for public use except upon payment of just compensation ascertained in the manner provided by law.

"The right to be secure against unreasonable searches and seizures shall not be violated.

"No warrant for arrest or search shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

"Slavery shall not exist in the Virgin Islands.

"Involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted by a court of law, shall not exist in the Virgin Islands.

"No law shall be passed abridging the freedom of speech or of the press or the right of the people peaceably to assembly and petition the government for the redress of grievances.

"No law shall be made respecting an establishment of religion or prohibiting the free exercise thereof.

"No person who advocates, or who aids or belongs to any party, organization, or association which advocates, the overthrow by force or violence of the government of the Virgin Islands or of the United States shall be qualified to hold any office of trust or profit under the government of the Virgin Islands.

"No money shall be paid out of the Virgin Islands treasury except in accordance with an Act of Congress or money bill of the legislature and on warrant drawn by the proper officer.

"The contracting of polygamous or plural marriages is prohibited.

"The employment of children under the age of sixteen years in any occupation injurious to health or morals or hazardous to life or limb is prohibited.

"Nothing contained in this Act shall be construed to limit the power of the legislature herein provided to enact laws for the protection of life, the public health, or the public safety.

"FRANCHISE

"SEC. 4. The franchise shall be vested in residents of the Virgin Islands who are citizens of the United States, twenty-one years of age or over. Additional qualifications may be prescribed by the legislature: *Provided, however,* That no property, language, or income qualification shall ever be imposed upon or required of any voter, nor shall any discrimination in qualification be made or based upon difference in race, color, sex, or religious belief.

"LEGISLATIVE BRANCH

"SEC. 5. (a) The legislative power and authority of the Virgin Islands shall be vested in a legislature, consisting of one house, to be designated the 'Legislature of the Virgin Islands', herein referred to as the legislature.

"(b) The legislature shall be composed of eleven members to be known as senators. The Virgin Islands shall be divided into three legislative districts, as follows: The District of Saint Thomas, comprising Saint Thomas, Hassel, Water, Savana, Inner Brass, Outer Brass, Hans Lollik, Little Hans Lollik, Great Saint James, Little Saint James, and Capella Islands, Thatch Cay and adjacent islets and cays; the District of Saint Croix, comprising Saint Croix and Buck Islands and adjacent islets and cays; and the District of Saint John, comprising Saint John and Flanagan Islands, Grass, Mingo, Lovango, and Congo cays and adjacent islets and cays. Two senators shall be elected by the qualified electors of the District of Saint Thomas; two senators shall be elected by the qualified electors of the District of Saint Croix; and one senator shall be elected by the qualified electors of the District of Saint John. The other six senators shall be senators at large and shall be elected by the qualified electors of the Virgin Islands from the Virgin Islands as a whole: *Provided,* That in the election of senators at large, each elector shall be entitled to vote for two candidates, and the candidates receiving the largest number of votes shall be declared elected up to the number to be elected at that election. The order of names upon the ballot for each office shall be determined by lot among the candidates: *Provided,* That the Government Secretary or his designee is authorized to draw for a candidate who does not appear in person, or by authorized representative, at the drawing of lots.

"SEC. 6. (a) The term of office of each member of the legislature shall be two years. The term of office of each member shall commence on the second Monday in April following his election: *Provided, however,* That the term of office of each member elected in November 1954 shall commence on the second Monday in January 1955 and shall continue until the second Monday in April 1957.

"(b) No person shall be eligible to be a member of the legislature who is not a citizen of the United States, who has not attained the age of twenty-five years, who is not a qualified voter in the Virgin Islands, who has not been a bona fide resident of the Virgin Islands for at least three years next preceding the date of his election, or who has been convicted of a felony or of a crime involving moral turpitude and has not received a pardon restoring his civil rights. Federal employees and persons employed in the legislative, executive or judicial branches of the government of the Virgin Islands shall not be eligible for membership in the legislature.

"(c) All officers and employees charged with the duty of directing the administration of the electoral system of the Virgin Islands and its representative districts shall be appointed in such manner as the legislature may by law direct.

"(d) No member of the legislature shall be held to answer before any tribunal other than the legislature for any speech or debate in the legislature and the members shall in all cases, except treason, felony, or breach of the peace, be privileged from arrest during their attendance at the sessions of the legislature and in going to and returning from the same.

"(e) Each member of the legislature shall be paid the sum of $600 annually, one-third on the second Monday in April, one-third on the second Monday in May, and one-third at the close of the regular session: *Provided, however,* That each member of the legislature shall be paid for the regular session commencing on the second Monday in January 1955, the sum of $600 annually, one-third on the second Monday in January, one-third on the second Monday in February, and one-third at the close of that session. Each member of the legislature who is away from the island of his residence shall also receive the sum of $10 per day for each day's attendance while the legislature is actually in session, in lieu of his expenses for subsistence, and shall be reimbursed for his actual travel expenses in going to and returning from each session, or period thereof, for not to exceed a total of eight round trips during any calendar year. The salaries, per diem, and travel allowances of the members of the legislature shall be paid by the Government of the United States.

"(f) No member of the legislature shall hold or be appointed to any office which has been created by the legislature, or the salary or emoluments of which have been increased, while he was a member, during the term for which he was elected, or during one year after the expiration of such term.

"(g) The legislature shall be the sole judge of the elections and qualifications of its members, shall have and exercise all the authority and attributes, inherent in legislative assemblies, and shall have the power to institute and conduct investigations, issue subpena to witnesses and other parties concerned, and administer oaths. The rules of the Legislative Assembly of the Virgin Islands existing on the date of approval of this Act shall continue in force and effect for sessions of the legislature, except as inconsistent with this Act, until altered, amended, or repealed by the legislature.

"(h) The Governor of the Virgin Islands shall fill any vacancy in the office of a member of the legislature by appointment. If the vacant office is that of a senator from a district, the person appointed shall be a resident of the district from which the member whose office is vacant was elected. If the vacant office is that of a senator at large the person appointed may be a resident of any part of the Virgin Islands. In any case, the person appointed shall serve for the remainder of the unexpired term.

"SEC. 7. (a) Regular sessions of the legislature shall be held annually, commencing on the second Monday in April, and shall continue in regular session for not more than sixty consecutive calendar days in any calendar years: *Provided, however,* That the annual session for 1955 shall commence on the second Monday in January 1955, and shall continue in regular session for not more than sixty consecutive calendar days. The Governor may call special sessions of the legislature at any time when in his opinion the public interests may require it, but no special session shall continue longer than fifteen calendar days, and the aggregate of such special sessions during any calendar year shall not exceed thirty calendar days. No legislation shall be considered at any special session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session.

"(b) Sessions of the legislature shall be held in the capital of the Virgin Islands at Charlotte Amalie, Saint Thomas.

"SEC. 8. (a) The legislative authority and power of the Virgin Islands shall extend to all subjects of local application not inconsistent with this Act or the laws of the United States made applicable to the Virgin Islands, but no law shall be enacted which would impair rights existing or arising by virtue of any treaty or international agreement entered into by the United States, nor shall the lands or other property of nonresidents be taxed at a higher rate than the lands or other property of residents.

"(b) The legislature of the government of the Virgin Islands may cause to be issued on

behalf of said government bonds or other obligations for a specific public improvement or specific public undertaking authorized by an act of the legislature, which bonds or obligations shall be payable solely from the revenues directly derived from and attributable to such specific public improvement or public undertaking. The total amount of such revenue bonds which may be issued and outstanding for all such improvements or undertakings at any one time shall not be in excess of $10,000,000. Bonds issued pursuant to this subsection may bear such date or dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding thirty years from the date thereof, may be payable at such place or places, may carry such registration privileges as to either principal and interest, or principal only, and may be executed by such officers and in such manner as shall be prescribed by the government of the Virgin Islands. Said bonds shall be sold at public sale and shall be redeemable after five years without premium. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signature, whether manual or facsimile shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate not to exceed 5 per centum per annum, payable semiannually. All such bonds shall be sold for not less than the principal amount thereof plus accrued interest. All such bonds issued by the government of the Virgin Islands or by its authority shall be exempt as to principal and interest from taxation by the Government of the United States, or by the government of the Virgin Islands, or by any State, Territory, or possession, or by any political subdivision of any State, Territory, or possession, or by the District of Columbia. Such bonds shall under no circumstances constitute a general obligation of the Virgin Islands or of the United States. The legislature shall have no power to incur any indebtedness which may be a general obligation of said government.

"(c) The laws of the United States applicable to the Virgin Islands on the date of approval of this Act, including laws made applicable to the Virgin Islands by or pursuant to the provisions of the Act of June 22, 1936 (48 Stat. 1807), and all local laws and ordinances in force in the Virgin Islands, or any part thereof, on the date of approval of this Act shall, to the extent they are not inconsistent with this Act, continue in force and effect until otherwise provided by the Congress: *Provided*, That the legislature shall have power, when within its jurisdiction and not inconsistent with the other provisions of this Act, to amend, alter, modify, or repeal any local law or ordinance, public or private, civil or criminal, continued in force and effect by this Act, except as herein otherwise provided, and to enact new laws not inconsistent with any law of the United States applicable to the Virgin Islands, subject to the power of Congress to annul any such Act of the legislature.

"(d) The President of the United States shall appoint a commission of seven persons, at least three of whom shall be residents of the Virgin Islands, to survey the field of Federal statutes and to make recommendations to the Congress within twelve months after the date of approval of this Act as to which statutes of the United States not applicable to the Virgin Islands on such date should be made applicable to the Virgin Islands, and as to which statutes of the United States applicable to the Virgin Islands on such date should be declared inapplicable. The members of the commission shall receive no salary for their service on the commission, but under regulations and in amounts prescribed by the Secretary of the Interior, they may be paid, out of Federal funds, reasonable per diem fees, and allowances in lieu of subsistence expenses, for attendance at meetings of the commission, and for time spent on official business of the commission, and their necessary travel expenses to and from meetings or when upon such official business, without regard to the Travel Expense Act of 1949.

"(e) The Secretary of the Interior shall arrange for the preparation, at Federal expense, of a code of laws of the Virgin Islands, to be entitled the 'Virgin Islands Code', which shall be a consolidation, codification and revision of the local laws and ordinances in force in the Virgin Islands. When prepared, the Governor shall submit it, together with his recommendations, to the legislature for enactment. Upon the enactment of the Virgin Islands Code it and any supplements to it shall be printed, at Federal expense, by the Government Printing Office as a public document.

"SEC. 9 (a) The quorum of the legislature shall consist of seven of its members. No bill shall become a law unless it shall have been passed at a meeting, at which a quorum was present, by the affirmative vote of a majority of the members present and voting, which vote shall be by yeas and nays.

"(b) The enacting clause of all acts shall be as follows: 'Be it enacted by the Legislature of the Virgin Islands'.

"(c) The Governor shall submit at the opening of each regular session of the legislature a message on the state of the Virgin Islands and a budget of estimated receipts and expenditures, which shall be the basis of the appropriation bills for the ensuing fiscal year, which shall commence on the first day of July.

"(d) Every bill passed by the legislature shall, before it becomes a law, be presented to the Governor. If the Governor approves the bill, he shall sign it. If the Governor disapproves the bill, he shall, except as hereinafter provided, return it, with his objections, to the legislature within ten days (Sundays excepted) after it shall have been presented to him. If the Governor does not return the bill within such period, it shall be a law in like manner as if he had signed it, unless the legislature by adjournment prevents its return, in which case it shall be a law if signed by the Governor within thirty days after it shall have been presented to him; otherwise it shall not be a law. When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and proceed to reconsider the bill. If, after such reconsideration, two-thirds of all the members of the legislature agree to pass the bill, it shall be presented anew to the Governor. If he then approves it, he shall sign it; if not, he shall within ten days after it has been presented to him transmit it to the President of the United States. If the President approves the bill, he shall sign it. If he disapproves the bill, he shall return it to the Governor, so stating, and it shall not be a law. If the President neither approves nor disapproves the bill within ninety days from the date on which it is transmitted to him by the Governor, the bill shall be a law in like manner as if the President had signed it. If any bill presented to the Governor contains several items of appropriation of money, he may object to one or more of such items, or any part or parts, portion or portions thereof, while approving the other items, parts, or portions of the bill. In such a case he shall append to the bill, at the time of signing it, a statement of the items, or parts or portions thereof, to which he objects, and the items, or parts or portions thereof, so objected to shall not take effect.

"(e) If at the termination of any fiscal year the legislature shall have failed to pass appropriation bills providing for payment of the obligations and necessary current expenses of the Government of the Virgin Islands for the ensuing fiscal year, then the several sums appropriated in the last appropriation bills for the objects and purposes therein specified, so far as the same may be applicable, shall be deemed to be reappropriated item by item.

"(f) The legislature shall keep a journal of its proceedings and publish the same. Every bill passed by the legislature and the yeas and nays on any question shall be entered on the journal.

"(g) Copies of all laws enacted by the legislature shall be transmitted within fifteen days of their enactment by the Governor to the Secretary of the Interior and by him annually to the Congress of the United States.

"SEC. 10. The next general election in the Virgin Islands shall be held on November 2, 1954. At such time there shall be chosen the entire membership of the legislature as herein provided. Thereafter the general elections shall be held on the first Tuesday after the first Monday in November, beginning with the year 1956, and every two years thereafter. The Municipal Council of Saint Thomas and Saint John, and the Municipal Council of Saint Croix, existing on the date of approval of this Act, shall continue to function until January 10, 1955, at which time all of the functions, property, personnel, records, and unexpended balances of appropriations and funds of the governments of the municipality of Saint Thomas and Saint John and the municipality of Saint Croix shall be transferred to the government of the Virgin Islands.

"EXECUTIVE BRANCH

"SEC. 11. The executive power of the Virgin Islands shall be vested in an executive officer whose official title shall be the "Governor of the Virgin Islands", and shall be exercised under the supervision of the Secretary of the Interior. The Governor of the Virgin Islands shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold office at the pleasure of the President and until his successor is chosen and qualified. The Governor shall maintain his official residence in the Government House of Saint Thomas during his official incumbency, free of rent, and while in Saint Croix may reside in Government House on Saint Croix free of rent. He shall have general supervision and control of all the departments, bureaus, agencies, and other instrumentalities of the executive branch of the government of the Virgin Islands. He may grant pardons and reprieves and remit fines and forfeitures for offenses against the local laws, and may grant respites for all offenses against the laws of the United States applicable in the Virgin Islands until the decision of the President can be ascertained. He may veto any legislation as provided in this Act. He shall appoint all officers and employees of the executive branch of the government of the Virgin Islands, except as otherwise provided in this or any other Act of Congress, and shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of the Virgin Islands and the laws of the United States applicable in the Virgin Islands. Whenever it becomes necessary he may call upon the commanders of the military and naval forces of the United States in the islands, or summon the posse comitatus, or call out the militia, to prevent or suppress violence, invasion, insurrection, or rebellion; and he may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, suspend the privilege of the writ of habeas corpus, or place the islands, or any part thereof, under martial law, until communication can be had with the President and the President's decision thereon made known. He shall annually, and at such other times

as the President or the Congress may require, make official report of the transactions of the government of the Virgin Islands to the Secretary of the Interior, and his said annual report shall be transmitted to the Congress. He shall perform such additional duties and functions as may, in pursuance of law, be delegated to him by the President, or by the Secretary of the Interior. He shall have the power to issue executive regulations not in conflict with any applicable law. He may attend or may designate another person to represent him at the meetings of the legislature, may give expressions to his views on any matter before that body, and may recommend bills to the legislature.

"SEC. 12. The President shall appoint a Government Secretary for the Virgin Islands. He shall have custody of the seal of the Virgin Islands and shall countersign and affix such seal to all executive proclamations and all other executive documents. He shall record and preserve the laws enacted by the legislature. He shall promulgate all proclamations and orders of the Governor and all laws enacted by the legislature. He shall have such executive powers and perform such other duties as may be assigned to him by the Governor.

"SEC. 13. The Governor may appoint an administrative assistant who shall reside in Saint Croix and an administrative assistant who shall reside in Saint John. These administrative assistants shall perform such duties as may be assigned to them by the Governor. In making such appointments, preference shall be given to qualified residents of the Virgin Islands.

"SEC. 14. In case of a vacancy in the office of Governor or the disability or temporary absence of the Governor, the Government Secretary shall have all the powers of the Governor.

"SEC. 15. The Secretary of the Interior may from time to time designate the head of an executive department of the government of the Virgin Islands to act as Governor in the case of a vacancy in the offices, or the disability or temporary absence, of both the Governor and the Government Secretary, and the person so designated shall have all the powers of the Governor for so long as such condition continues.

"SEC. 16. (a) The Governor shall, within one year after the date of approval of this Act, reorganize and consolidate the existing executive departments, bureaus, independent boards, agencies, authorities, commissions, and other instrumentalities of the government of the Virgin Islands or of the municipal governments into not more than nine executive departments, except for independent bodies whose existence may be required by Federal law for participation in Federal programs. The head of each executive department shall be designated as the Commissioner thereof, and the Commissioner of Finance shall be bonded. No other department, bureau, independent board, agency, authority, commission, or other instrumentality shall be created, organized, or established by the Governor or the legislature, without the prior approval of the Secretary of the Interior, unless required by Federal law for participation in Federal programs.

"(b) The Governor shall, from time to time, after complying with the provisions of subsection (a) of this section, examine the organization of the executive branch of the government of the Virgin Islands, and shall make such changes therein, subject to the approval of the legislature, not inconsistent with this Act, as he determines are necessary to promote effective management and to execute faithfully the purposes of this act and the laws of the Virgin Islands.

"(c) The heads of the executive departments created by this act shall be appointed by the Governor, with the advice and consent of the legislature. Each shall hold office during the continuance in office of the Governor by whom he is appointed and until his successor is appointed and qualified, unless sooner removed by the Governor. Each shall have such powers and duties as may be prescribed by the legislature.

"SEC. 17. (a) The Secretary of the Interior shall appoint a government comptroller who shall receive a salary of not to exceed $12,500 per annum. The government comptroller shall hold office for a term of ten years and until his successor is appointed and qualified unless sooner removed by the Secretary of the Interior for cause. The government comptroller shall not be eligible for reappointment.

"(b) The government comptroller shall audit and settle all accounts and claims pertaining to the revenues and receipts from whatever source of the government of the Virgin Islands and of funds derived from bond issue; and he shall audit and settle, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of the Virgin Islands including those pertaining to trust funds held by the government of the Virgin Islands.

"(c) It shall be the duty of the government comptroller to bring to the attention of the proper administrative officer failures to collect amounts due the government, and expenditures of funds or property which in his opinion are extravagant, excessive, unnecessary, or irregular.

"(d) It shall be the duty of the government comptroller to certify to the Secretary of the Interior the net amount of government revenues which form the basis for Federal grants for the civil government of the Virgin Islands.

"(e) The decisions of the government comptroller shall be final except that appeal therefrom may be taken by the party aggrieved or the head of the department concerned within one year from the date of the decision, to the Governor, which appeal shall be in writing and shall specifically set forth the particular action of the government comptroller to which exception is taken with the reasons and the authorities relied upon for reversing such decision.

"(f) If the Governor confirms the decision of the government comptroller, then relief may be sought by appeal to the legislature or suit in the District Court of the Virgin Islands if the claim is otherwise within its jurisdiction.

"(g) The government comptroller is authorized to communicate directly with any person having claims before him for settlement, or with any department officer or person having official relation with his office. He may summon witnesses and administer oaths.

"(h) As soon after the close of each fiscal year as the accounts of said fiscal year may be examined and adjusted, the government comptroller shall submit to the Governor of the Virgin Islands an annual report of the fiscal condition of the government, showing the receipts and disbursements of the various departments and agencies of the government.

"(i) The government comptroller shall make such other reports as may be required by the Governor of the Virgin Islands, the Comptroller General of the United States, or the Secretary of the Interior.

"(j) The office of the government comptroller shall be under the general supervision of the Secretary of the Interior, but shall not be a part of any executive department in the government of the Virgin Islands.

"SYSTEM OF ACCOUNTS

"SEC. 18. The Governor shall establish and maintain systems of accounting and internal control designed to provide—

"(a) full disclosure of the financial results of the government's activities;

"(b) adequate financial information needed for the government's management purposes;

"(c) effective control over and accountability for all funds, property, and other assets for which the government is responsible, including appropriate internal audit; and

"(d) reliable accounting results to serve as the basis for preparation and support of the government's request for the approval of the President or his designated representative for the obligation and expenditure of the internal revenue collections as provided in section 26, the Governor's budget request to the legislature, and for controlling the execution of the said budget.

"SEC. 19. The office and activities of the Government Comptroller of the Virgin Islands shall be subject to review annually by the Comptroller General of the United States, and report thereon shall be made by him to the Governor, the Secretary of the Interior, and to the Congress.

"SEC. 20. (a) The Governor shall receive an annual salary at the rate provided for Governors of Territories and possessions in the Executive Pay Act of 1949.

"(b) The Government Secretary, the heads of the executive departments, and the members of the immediate staffs of the Governor and the Government Secretary, shall receive annual salaries at rates established by the Secretary of the Interior in accordance with the standards provided in the Classification Act of 1949.

"(c) The salaries of the Governor, the Government Secretary, and the members of their immediate staffs shall be paid by the United States. The salaries of the government comptroller and the heads of the executive departments shall be paid by the government of the Virgin Islands; and if the legislature shall fail to make an appropriation for such salaries, the salaries heretofore fixed shall be paid without the necessity of further appropriations therefor.

"JUDICIAL BRANCH

"SEC. 21. The judicial power of the Virgin Islands shall be vested in a court of record to be designated the 'District Court of the Virgin Islands', and in such court or courts of inferior jurisdiction as may have been or may hereafter be established by local law.

"SEC. 22. The District Court of the Virgin Islands shall have the jurisdiction of a district court of the United States in all causes arising under the Constitution, treaties and laws of the United States, regardless of the sum or value of the matter in controversy. It shall have general original jurisdiction in all other causes in the Virgin Islands, exclusive jurisdiction over which is not conferred by this Act upon the inferior courts of the Virgin Islands. When it is in the interest of justice to do so the district court may on motion of any party transfer to the district court any action or proceeding brought in an inferior court and the district court shall have jurisdiction to hear and determine such action or proceeding. The district court shall also have appellate jurisdiction to review the judgments and orders of the inferior courts of the Virgin Islands to the extent now or hereafter prescribed by local law.

"SEC. 23. The inferior courts now or hereafter established by local law shall have exclusive original jurisdiction of all civil actions wherein the matter in controversy does not exceed the sum or value of $500, exclusive of interest and costs, all criminal cases wherein the maximum punishment which may be imposed does not exceed a fine of $100 or imprisonment for six months, or both, and all violations of police and executive regulations, and they shall have original jurisdiction, concurrently with the district court, of all actions, civil or criminal,

jurisdiction of which may hereafter be conferred upon them by local law. Any action or proceeding brought in the district court which is within the jurisdiction of an inferior court may be transferred to such inferior court by the district court in the interest of justice. The inferior courts shall hold preliminary investigations in charges of felony and charges of misdemeanor in which the punishment that may be imposed is beyond the jurisdiction granted to the inferior courts by this section, and shall commit offenders to the district court and grant bail in bailable cases. The rules governing the practice and procedure of the inferior courts and prescribing the duties of the judges and officers thereof, oaths and bonds, the times and places of holding court, and the procedure for appeals to the district court shall be as may hereafter be established by the district court. The rules governing disposition of fines, costs, and forfeitures, enforcement of judgments, and disposition and treatment of prisoners shall be as established by law or ordinance in force on the date of approval of this Act or as may hereafter be so established.

"SEC. 24. The President shall, by and with the advice and consent of the Senate, appoint a judge for the District Court of the Virgin Islands, who shall hold office for the term of eight years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The salary of the judge of the district court shall be at the rate prescribed for judges of the United States district courts. Whenever it is made to appear that such an assignment is necessary for the proper dispatch of the business of the District Court the Chief Judge of the Third Judicial Circuit of the United States may assign a circuit or district judge of the Third Circuit, or the Chief Justice of the United States may assign any other United States circuit or district judge with the consent of the judge so assigned and of the chief judge of his circuit, to serve temporarily as a judge of the District Court of the Virgin Islands. The compensation of the judge of the district court and the administrative expenses of the court shall be paid from appropriations made for the judiciary of the United States. The Attorney General shall, as heretofore, appoint a marshal and one deputy marshal for the Virgin Islands to whose office the provisions of chapter 33 of title 28, United States Code, shall apply.

"SEC. 25. The Virgin Islands consists of two judicial divisions; the Division of Saint Croix, comprising the island of Saint Croix and adjacent islands and cays, and the Division of Saint Thomas and Saint John, comprising the islands of Saint Thomas and Saint John and adjacent islands and cays. The district court shall hold sessions in each division at such time as the court may designate by rule or order, at least once in three months in each division. The rules of practice and procedure heretofore or hereafter promulgated and made effective by the Supreme Court of the United States pursuant to section 2072 of title 28, United States Code, in civil cases, section 2073 of title 28, United States Code, in admiralty cases, and section 30 of the Bankruptcy Act in bankruptcy cases, shall apply to the District Court of the Virgin Islands and to appeals therefrom. All offenses shall continue to be prosecuted in the District Court by information as heretofore except such as may be required by local law to be prosecuted by indictment by grand jury.

"SEC. 26. In any criminal case originating in the district court, no person shall be denied the right to trial by jury on the demand of either party. If no jury is demanded the case shall be tried by the judge of the district court without a jury, except that the judge may, on his own motion, order a jury for the trial of any criminal action. The legislature may provide for trial in misdemeanor cases by a jury of six qualified persons.

"SEC. 27. The President shall, by and with the advice and consent of the Senate, appoint a United States attorney for the Virgin Islands, who shall hold office for the term of four years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The United States attorney, by himself or the assistant United States attorney, shall conduct all legal proceedings, civil and criminal, to which the Government of the United States or the government of the Virgin Islands is a party in the District Court of the Virgin Islands and in the inferior courts of the Virgin Islands. Offenses against the laws of the Virgin Islands shall be prosecuted in the name of the government of the Virgin Islands. The United States attorney shall perform his duties under the supervision and direction of the Attorney General of the United States. The Attorney General may appoint one assistant United States attorney. The Attorney General may authorize the employment of necessary clerical assistants. The compensation of the district attorney and his assistant and employees shall be fixed by the Attorney General and their salaries and the other necessary expenses of the office shall be paid from appropriations made to the Department of Justice. In the case of a vacancy in the office of the district attorney, the District Court of the Virgin Islands may appoint a district attorney to serve until the vacancy is filled. The order of appointment by the court shall be filed with the clerk of the court.

"FISCAL PROVISIONS

"SEC. 28. (a) The proceeds of customs duties, the proceeds of the United States income tax, the proceeds of any taxes levied by the Congress on the inhabitants of the Virgin Islands, and the proceeds of all quarantine, passport, immigration, and naturalization fees collected in the Virgin Islands, less the cost of collecting all of said duties, taxes, and fees, shall be covered into the treasury of the Virgin Islands, and shall be available for expenditure as the Legislature of the Virgin Islands may provide: *Provided*, That the term 'inhabitants of the Virgin Islands' as used in this section shall include all persons whose permanent residence is in the Virgin Islands, and such persons shall satisfy their income tax obligations under applicable taxing statutes of the United States by paying their tax on income derived from all sources both within and outside the Virgin Islands into the treasury of the Virgin Islands: *Provided further*, That nothing in this Act shall be construed to apply to any tax specified in section 3811 of the Internal Revenue Code.

"(b) Subchapter B of chapter 28 of the Internal Revenue Code is amended by adding to section 3350 thereof the following subsection:

"'(c) DISPOSITION OF INTERNAL REVENUE COLLECTIONS.—Beginning with the fiscal year ending June 30, 1954, and annually thereafter, the Secretary of the Treasury shall determine the amount of all taxes imposed by, and collected during the fiscal year under, the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States. The amount so determined less 1 per centum and less the estimated amount of refunds or credits shall be subject to disposition as follows:

"'(i) There shall be transferred and paid over to the government of the Virgin Islands from the amounts so determined a sum equal to the total amount of the revenue collected by the government of the Virgin Islands during the fiscal year, as certified by the Government Comptroller of the Virgin Islands. The moneys so transferred and paid over shall constitute a separate fund in the treasury of the Virgin Islands and may be expended as the legislature may determine: *Provided*, That the approval of the President or his designated representative shall be obtained before such moneys may be obligated or expended.

"'(ii) There shall also be transferred and paid over to the government of the Virgin Islands during each of the fiscal years ending June 30, 1955, and June 30, 1956, the sum of $1,000,000, or the balance of the internal revenue collections available under this subsection (c) after payments are made under the preceding paragraph (i), whichever amount is greater. The moneys so transferred and paid over shall be deposited in the separate fund established by the preceding paragraph (i), but shall be obligated or expended for emergency purposes and essential public projects only, with the prior approval of the President or his designated representative.

"'(iii) Any amounts remaining shall be deposited in the Treasury of the United States as miscellaneous receipts.

"'If at the end of any fiscal year the total of the Federal contribution made under (i) above at the beginning of that fiscal year has not been obligated or expended for an approved purpose, the balance shall continue available for expenditure during any succeeding fiscal year, but only for approved emergency relief purposes and essential public projects as provided in (ii) above. The aggregate amount of moneys available for expenditure for emergency relief purposes and essential public projects only, including payments under (ii) above, shall not exceed the sum of $5,000,000 at the end of any fiscal year. Any unobligated or unexpended balance of the Federal contribution remaining at the end of a fiscal year which would cause the moneys available for emergency relief purposes and essential public projects only to exceed the sum of $5,000,000 shall thereupon be transferred and paid over to the Treasury of the United States as miscellaneous receipts.'

"(c) Section 42 of the Trade Mark Act of 1946 (60 Stat. 440, 15 U. S. C., 1952 edition, sec. 1124), and section 526 of the Tariff Act of 1930 (46 Stat. 741, 19 U. S. C., 1952 edition, sec. 1526), shall not apply to importations into the Virgin Islands of genuine foreign merchandise bearing a genuine foreign trademark, but shall remain applicable to importations of such merchandise from the Virgin Islands into the United States or its possessions; and the dealing in or possession of any such merchandise in the Virgin Islands shall not constitute a violation of any registrant's right under said Trade Mark Act.

"(d) There shall be levied, collected, and paid upon all articles coming into the United States or its possessions from the Virgin Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries, and the internal revenue taxes imposed by section 3350 of title 26, United States Code: *Provided*, That all articles, the growth or product of, or manufactured in, such islands, from materials grown or produced in such islands or in the United States, or both, or which do not contain foreign materials to the value of more than 50 per centum of their total value, upon which no drawback of custom duties has been allowed therein, coming into the United States from such islands shall be admitted free of duty. In determining whether such a Virgin Islands article contains foreign material to the value of more than 50 per centum, no material shall be considered foreign which, at the time the Virgin Islands articles is entered, or withdrawn from warehouse, for consumption, may be imported

into the continental United States free of duty generally.

"MISCELLANEOUS PROVISIONS

"SEC. 29. All officials of the government of the Virgin Islands shall be citizens of the United States. Every member of the legislature of the Virgin Islands and all officers and employees of the government of the Virgin Islands shall before entering upon the duties of their respective offices, or, in the case of persons in the employ of the government of the Virgin Islands on the effective date of this Act, then within sixty days of the effective date thereof, make a written statement in the following form:

"'I, ----------, do solemnly swear (or affirm) that I will support, obey, and defend the Constitution and laws of the United States applicable to the Virgin Islands and the laws of the Virgin Islands, and that I will discharge the duties of ---------- with fidelity.

"'And I do further swear (or affirm) that I do not advocate, nor am I knowingly a member of any organization that advocates, the overthrow of the Government of the United States or of the Virgin Islands by force or violence or other unconstitutional means, or seeking by force or violence to deny other persons their rights under the Constitution and laws of the United States applicable to the Virgin Islands or the laws of the Virgin Islands.

"'And I do further swear (or affirm) that I will not so advocate nor will I knowingly become a member of such organization during the period that I am an employee of the Virgin Islands.'

"SEC. 30. All reports required by law to be made by the Governor to any official of the United States shall hereafter be made to the Secretary of the Interior, and the President is hereby authorized to place all matters pertaining to the government of the Virgin Islands under the jurisdiction of the Secretary of the Interior, except matters relating to the judicial branch of said government which on the date of approval of this Act are under the supervision of the Director of the Administrative Office of the United States Courts, and the matters relating to the United States Attorney and the United States Marshal which on the date of approval of this Act are under the supervision of the Attorney General.

"SEC. 31. (a) The Secretary of the Interior shall be authorized to lease or to sell upon such terms as he may deem advantageous to the Government of the United States any property of the United States under his administrative supervision in the Virgin Islands not needed for public purposes.

"(b) The government of the Virgin Islands shall continue to have control over all public property that is under its control on the date of approval of this Act.

"SEC. 32. Section 6 of the Act of August 30, 1890 (26 Stat. 414, 416), as amended (21 U. S. C., 1946 edition, sec. 104) is further amended by inserting the words 'and the admission into the Virgin Islands' immediately following the word 'Texas', so that such section will read as follows:

"'The importation of cattle, sheep, and other ruminants, and swine, which are diseased or infected with any disease, or which shall have been exposed to such infection within sixty days next before their exportation, is prohibited: *Provided*, That the Secretary of Agriculture, within his discretion and under such regulations as he may prescribe, is authorized to permit the admission from Mexico into the State of Texas and the admission into the Virgin Islands of cattle which have been infested with or exposed to ticks upon being freed therefrom. Any person who shall knowingly violate the foregoing provision shall be deemed guilty of a misdemeanor and shall, on conviction, be punished by a fine not exceeding $5,000, or by imprisonment not exceeding three years, and any vessel or vehicle used in such unlawful importation within the knowledge of the master or owner of such vessel or vehicle that such importation is diseased or has been exposed to infection as herein described, shall be forfeited to the United States.'

"SEC. 33. Section 2 of the Act of February 2, 1903 (32 Stat. 791, 792), as amended (21 U. S. C., 1946 edition, sec. 111), is hereby further amended by striking out the period and adding at the end thereof the following: ': *Provided*, That no such regulations or measures shall pertain to the introduction of live poultry into the Virgin Islands of the United States.'.

"SEC. 34. This Act shall take effect upon its approval, but until its provisions shall severally become operative as herein provided, the corresponding legislative, executive, and judicial functions of the existing government shall continue to be exercised as now provided by law or ordinance, and the incumbents of all offices under the government of the Virgin Islands shall continue in office until their successors are appointed and have qualified unless sooner removed by competent authority. The enactment of this Act shall not affect the term of office of the judge of the District Court of the Virgin Islands in office on the date of its enactment.

"SEC. 35. There are hereby authorized to be appropriated annually by the Congress of the United States such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act.

"SEC. 36. If any clause, sentence, paragraph, or part of this Act, or the application thereof to any person, or circumstances, is held invalid, the application thereof to other persons, or circumstances, and the remainder of the Act, shall not be affected thereby."

And the House agree to the same.

WESLEY A. D'EWART,
JOHN P. SAYLOR,
E. Y. BERRY,
CLAIR ENGLE,
LLOYD M. BENTSEN, Jr.,
Managers on the Part of the House.

GUY CORDON,
ARTHUR V. WATKINS,
THOMAS H. KUCHEL,
HENRY M. JACKSON,
RUSSELL B. LONG,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to S. 3378, revising the Organic Act of the Virgin Islands of the United States, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, namely:

Section 1 provides that the act may be cited as the "Revised Organic Act of the Virgin Islands."

Section 2, in subsection (a), provides that the act shall apply to the Virgin Islands, defines the term "Virgin Islands" and describes the Virgin Islands as an unincorporated territory of the United States. Subsection (b) provides that the government of the Virgin Islands may sue, in cases arising out of contract, and except for a tort action in connection with which the legislature has not given its consent, be sued. It also provides that the capital of the Virgin Islands shall be at Charlotte Amalie, St. Thomas.

Section 3 provides a bill of rights which is in considerable extent similar to the Bill of Rights of the United States Constitution and parallels the bill of rights, in somewhat different order, contained in the existing Virgin Islands Organic Act. The Senate provision, providing that no person who advocates or who aids or belongs to any party, organization, or association which advocates the overthrow by force or violence of the government of the Virgin Islands or of the United States, shall be qualified to hold any office of trust or profit under the government of the Virgin Islands, was agreed to.

Section 4 provides that the franchise shall be vested in Virgin Islands residents who are American citizens. It further provides that the legislature may prescribe additional qualifications but that no property, language, or income qualifications shall be imposed and that no discrimination shall be based upon race, color, sex, or religious belief. The Senate conferees agreed to the inclusion of language as one of the qualifications that shall not be imposed on voters.

Section 5 vests legislative power and authority in the Legislature of the Virgin Islands, provides for the division of the islands into legislative districts, and for the election of 5 senators therefrom and for 6 senators-at-large. The Senate conferees agreed to the designation of members of the legislature as senators instead of as representatives and also receded from their earlier stipulation that candidates' names should appear alphabetically on the first 500 ballots printed and thereafter be alternated on each succeeding group of 500 ballots. Instead, they agreed to the House provision that such order on the ballot shall be determined by lot among the candidates. The House conferees receded to the Senate's demands that in the election of senators-at-large, each elector shall be entitled to vote for 2 candidates instead of the originally proposed 4.

Section 6, in subsection (a), provides 2-year terms of office for each senator commencing on the second Monday in April following his election. The conferees agreed to the House proposal that the term of office of each senator elected in November 1954 shall commence on the second Monday in January 1955 and shall continue until the second Monday in April 1957. Subsection (b) prescribes eligibility of requirements for senators; subsection (c) provides that persons directing the administration of the electoral system shall be appointed as the legislature directs. Subsection (d) provides for legislative immunity; subsection (e) provides for payments to the senators of $600 annually as follows: One-third on the second Monday in April, one-third on the second Monday in May, and one-third at the close of the regular session. It further provides, however, that since the next regular session commences on the second Monday in January 1955, one-third of the annual sum will be paid on the second Monday in January, one-third on the second Monday in February, and one-third at the close of that session. The Senate agreed to the House provision that travel expenses for not to exceed a total of eight round trips in going to and returning from each session of the legislature, or period thereof, shall be paid by the Government of the United States, as will salaries and per diem of members of the legislature; subsection (f) limits the positions which senators may hold or to which they may be appointed; subsection (g) sets forth certain legislative powers; and subsection (h) provides that the Governor of the Virgin Islands shall fill vacancies in the legislature. In this instance the conferees adopted the Senate proposal that the Governor instead of the judge of the district court should make such appointments.

Section 7 provides for regular sessions of 60 days per annum, commencing on the second Monday in April. It was agreed that the annual session for 1955 shall commence on the second Monday in January. This section also empowers the Governor to call special sessions of the legislature but provides that no such session shall continue longer than 15 calendar days nor shall the aggregate of such special sessions during any calendar year exceed 30 calendar days.

Section 8, in subsection (a), describes the extent of the legislature's power and stipulates that lands and other property of nonresidents may not be taxed at a higher rate than the lands or other property of residents. It further provides that public indebtedness of the Virgin Islands shall be limited to 10 percent of the aggregate tax valuation of the property in the Virgin Islands. Subsection (b) authorizes the issuance of revenue bonds for public improvements, subject to certain limitations specified therein. Subsection (c) provides that the laws of the United States applicable to the Virgin Islands and local laws and ordinances in force in the Virgin Islands or any part thereof on the date of the approval of this act, shall continue to apply. Subsection (d) provides for the appointment of a seven-man commission to make recommendations to the Congress with regard to the application of Federal laws to the Virgin Islands. Subsection (e) provides for the codification of Virgin Islands laws at Federal expense.

Section 9, subsection (a), prescribes the quorum of the legislature; subsection (b) prescribes the enacting clause of the acts of the legislature. Subsection (c) provides for the Governor's message to the legislature on the state of the Virgin Islands and for the presentation of the annual financial budget for the fiscal year commencing on the 1st day of July. Subsection (d) sets forth the procedures for executive approval of legislative measures, provides for the Governor's veto, and, in certain circumstances, for the President's consideration of the bills which the Governor has vetoed. Subsection (e) provides that if the legislature fails to pass certain appropriation bills, the sums appropriated in the last preceding appropriation bills shall be deemed to be reappropriated. Subsection (f) provides that a journal of legislative proceedings shall be kept and published. Subsection (g) provides for the transmission within 15 days of the laws enacted by the legislature to the Secretary of the Interior and subsequently to the Congress of the United States.

Section 10 provides for general elections every 2 years. The first election shall be held on November 2, 1954, and thereafter on the first Tuesday after the first Monday in November, beginning with the year 1956. It further provides that the functions and records of the Municipal Councils of St. Thomas and St. John and of St. Croix shall be transferred to the government of the Virgin Islands.

Section 11 vests executive power in the Governor of the Virgin Islands, who will be appointed by the President and exercise his powers under the supervision of the Secretary of the Interior. The Governor shall reside in the Government House on St. Thomas during his official incumbency, free of rent, and while in St. Croix may reside in the Government House there, free of rent. These rent-free stipulations were agreed to at the request of the Senate conferees. This section also defines the functions and powers of the Governor and provides that, except as otherwise expressly stated, he shall appoint all officers and employees of the executive branch of the government of the Virgin Islands.

Section 12 provides for the appointment of a Government Secretary for the Virgin Islands and describes his primary functions. The House conferees receded from their original provision to require the Government Secretary to reside in St. Croix during his official incumbency and to serve as Administrator of St. Croix without additional compensation.

Section 13 is a new section which provides for the appointment of an administrative assistant for each of the islands of St. Croix and St. John. It specifies that, in making such appointments, preference shall be given to qualified residents of the Virgin Islands. This section was added in response to a general feeling that the Governor should have a personal representative on each of the major outlying islands.

Section 14 combines sections 13 and 14 of the House bill and provides that in the event of disability or temporary absence of the Governor, the Government Secretary shall have all the powers of the Governor.

Section 15 provides that in the event of disability or temporary absence of the Governor and the Government Secretary, the Secretary of the Interior may designate the head of an executive department of the government of the Virgin Islands to act in their stead.

Section 16, in subsection (a), provides that within a year after this act becomes effective the Governor shall reorganize and consolidate the executive branch of the Virgin Islands into not more than nine executive departments and generally prohibits the creation of additional executive departments. The Senate conferees receded to the House request that these executive departments include the following: A department of finance, the head of which shall be designated the commissioner of finance; a department of public works, the head of which shall be designated as the commissioner of public works; a department of education, the head of which shall be designated as the commissioner of education; a department of travel, commerce and industry, the head of which shall be designated the commissioner of travel, commerce and industry; a department of health and welfare, the head of which shall be designated as the commissioner of health and welfare; a department of agriculture and labor, the head of which shall be designated as the commissioner of agriculture and labor; and the department of public safety, the head of which shall be designated as the commissioner of public safety. Subsection (b) provides that after the reorganization of the executive branch, the Governor shall, from time to time, examine the executive branch of the government of the Virgin Islands and subject to the approval of the legislature make such changes, not inconsistent with this act, as are necessary. Subsection (c) provides for the appointment of the heads of the executive departments by the Governor with the advice and consent of the legislature.

Section 17, in subsection (a), provides for the appointment by the Secretary of the Interior of a government comptroller to hold office for a term of 10 years unless sooner removed for cause. He shall receive not to exceed $12,500 annually and shall not be eligible for reappointment. Subsections (b) through (d) describe the powers and duties of the government comptroller. Subsection (e) provides that the comptroller's decisions shall be final except for an appeal to the Governor and subsection (f) provides a further appeal to the District Court of the Virgin Islands. Subsection (g) provides that the government comptroller may communicate directly with persons having claims or business with him and that he may summon witnesses and administer oaths. Subsections (h) and (i) provide for reports by the government comptroller; and subsection (j) provides that the comptroller's office shall be under the supervision of the Secretary of the Interior and shall not be a part of any executive department in the government of the Virgin Islands.

Section 18: The House conferees agreed to accept the systems of accounting and internal control proposed by the Senate conferees. These systems must meet certain standards specified therein.

Section 19 provides for the annual review by the Comptroller General of the United States of the office and activities of the government comptroller, with a report thereon to be submitted by the former to the Governor, the Secretary of the Interior, and to the Congress.

Section 20, in subsection (a), provides a salary for the Governor in accordance with existing law; subsection (b) provides for the establishment by the Secretary of the Interior of rates of salaries for others in the executive branch of the Virgin Islands; and in subsection (c) provides for the payment of the salaries of the Governor, the Government Secretary and members of their immediate staffs, by the United States, and those of the government comptroller and the heads of the executive departments by the government of the Virgin Islands.

Section 21 vests the judicial powers of the Virgin Islands in the District Court of the Virgin Islands and in inferior courts created by local law.

Section 22 provides that the District Court of the Virgin Islands shall have the jurisdiction of a district court in the United States, as well as certain local jurisdiction, both original and appellate. The House conferees agreed to the Senate proposal that certain suggestions made by the Honorable Albert B. Maris of the Third Circuit Court be accepted. These suggestions include the stipulation that the District Court of the Virgin Islands shall have jurisdiction over all causes arising under the Constitution, treaties, and laws of the United States regardless of the sum or value of the matter in controversy. The House also agreed to the Senate's request to accept the provision that, when it is in the interest of justice to do so, the district court may, on motion of any party, transfer to the district court any action or proceeding brought in an inferior court and the district court shall have jurisdiction to hear and determine such action or proceeding.

Section 23 provides that the inferior courts shall have jurisdiction concurrent with the district court of civil actions in which the matter in controversy does not exceed $500 and in criminal cases in which the maximum punishment which might be imposed does not exceed a fine of $500 or 6 months' imprisonment, or both. The House conferees agreed to accept the Senate's language, which provides that the inferior courts shall have original jurisdiction concurrently with the district court and that any action or proceeding brought in the district court, which is within the jurisdiction of an inferior court, may be transferred to such inferior court by the district court in the interest of justice.

Section 24 provides for the appointment by the President, with the consent of the Senate, of a judge for the District Court of the Virgin Islands to hold office for an 8-year term, and for the temporary assignment of judges of the District Court of the Virgin Islands by the chief judge of the Third Judicial Circuit of the United States. It also provides for the appointment of a marshal and a deputy marshal for the Virgin Islands by the Attorney General of the United States. It is the opinion of the conference committee that in times of emergency the marshal may appoint as many deputies as may be required. In the matter of the temporary assignment of judges to the District Court of the Virgin Islands, the House agreed to the Senate's proposal.

Section 25 provides for two judicial divisions and for the holding of sessions of the district court in both. Upon the suggestion of Judge Maris, both the Senate and the House amended this section from the floor to include the following provision: "The rules of practice and procedure heretofore or hereafter promulgated and made effective by the Supreme Court of the United States pursuant to section 2072 of title 28, United States Code, in civil cases, section 2073 of title 28, United States Code, in admiralty cases, and section 30 of the Bankruptcy Act in bankruptcy cases, shall apply to the District Court of the Virgin Islands and to appeals therefrom. All offenses shall continue to be prosecuted in the District Court by information as heretofore except such as

may be required by local law to be prosecuted by indictment by grand jury."

Section 26 guarantees the right to trial by jury in criminal actions to those who demand it.

Section 27 provides for the appointment by the President, with the consent of the Senate, of a United States district attorney and for the appointment by the Attorney General of an assistant district attorney of the United States. This section also outlines the duties of these officials.

Section 28, subsection (a), provides that the proceeds of customs duties, United States income taxes, other taxes levied by Congress and certain other fees less the cost of collection shall be covered into the treasury of the Virgin Islands. Taxes collected in connection with the old-age and survivors' insurance program are specifically exempt. This section further provides that all persons whose permanent residence is in the Virgin Islands shall satisfy their United States income-tax obligations by paying their tax to the Virgin Islands regardless of their source of income. The conferees agreed to accept the wording of the House version that the term "inhabitants of the Virgin Islands" shall include all persons whose permanent residence is in the Virgin Islands in lieu of the Senate stipulation that "inhabitants of the Virgin Islands" shall include all citizens of the United States whose permanent residence is in the United States. Subsection (b) provides that the Secretary of the Treasury shall determine annually the amount of taxes collected under Federal internal revenue laws with respect to articles produced in the Virgin Islands and transported to the United States. From this amount, there shall be paid to the government of the Virgin Islands a sum equal to the amount of revenue collected during the same years by the government of the Virgin Islands. Such sum would be available for expenditure as the Territorial legislature, with the approval of the President, may determine. For the fiscal years 1955 and 1956, the remainder of the amount collected under the Federal internal revenue laws on Virgin Islands products sent to the United States, or the sum of $1 million, whichever is greater, shall also be paid to the government of the Virgin Islands. Such sums shall be expended only for such emergency purposes or for such public projects as the President approves. If funds for such emergency purposes of public projects are not expended during the fiscal year, they remain available for subsequent expenditure, but they cannot exceed $5 million at the end of any fiscal year. Subsection (c) provides that certain sections of the Trade Mark Act of 1946 and the Tariff Act of 1930 shall not apply to importations into the Virgin Islands of genuine foreign merchandise bearing a genuine foreign trade-mark but shall remain applicable to importations of such merchandise from the Virgin Islands into the United States or its possessions. It further provides that dealing in or possession of any such merchandise in the Virgin Islands shall not constitute a violation of any registrant's right under said Trade Mark Act. This revision, prepared jointly by officials from the Departments of Interior, Commerce, and Treasury, is in response to objections raised to the original version, and was agreed to by both legislative bodies.

Section 28 (d) provides that articles which are the growth, product, or manufacture of the Virgin Islands, or which do not contain more than 50 percent of their total value, may be admitted into the United States free from customs duty. Otherwise, such importations shall be subject to the rates of duty imposed by section 3350 of title 26, United States Code. This proposal was made by the Department of the Treasury.

Section 29 provides that officials of the government of the Virgin Islands shall be citizens of the United States and that they shall take the oath set forth in this section.

Section 30 provides generally that matters pertaining to the government of the Virgin Islands, except for the judiciary, shall be placed under the jurisdiction of the Secretary of the Interior. Upon the suggestion of Judge Maris, the following statement was added to the end of the section: "and the matters relating to the United States attorney and the United States marshal, which on the date of the approval of this Act are under the supervision of the Attorney General."

Section 31 (a) authorizes the Secretary of the Interior to lease or sell property of the United States under his administrative supervision in the Virgin Islands. Subsection (b) provides that the government of the Virgin Islands shall have control over public property that is under its control on the date of enactment of the act.

Section 32 provides an amendment to the Animal Quarantine Act, so that cattle which have been infested with or exposed to ticks, but which are now free from them, may be admitted into the Virgin Islands under such regulations as the Secretary of Agriculture may prescribe.

Section 33 amends a statute pertaining to poultry quarantine to provide that the Secretary of Agriculture cannot issue regulations or take measures with respect to the introduction of live poultry into the Virgin Islands.

Section 34 sets up an orderly procedure under which the provisions of this act shall supersede existing law.

Section 35 authorizes appropriations to carry out the purposes of this act. The House conferees agreed to this provision which authorizes these appropriations.

Section 36 provides that if any portion of this act is held invalid, the remainder shall not be affected thereby. This severability clause was included at the request of the Senate conferees.

WESLEY A. D'EWART,
JOHN P. SAYLOR,
E. Y. BERRY,
CLAIR ENGLE,
LLOYD M. BENTSEN, JR.,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

AMENDMENTS TO BANKHEAD-JONES FARM TENANT ACT

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the bill S. 1276 be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. HOPE]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 3 (b) (2) of the Bankhead-Jones Farm Tenant Act, as amended, is amended by inserting "not in excess of 5 percent" in lieu of "4 percent," and section 12 (c) (4) of such act is amended by inserting "not in excess of 4 percent" in lieu of "3 percent."

With the following committee amendment:

Strike out all after the enacting clause and insert "That the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1001), is further amended as follows:

"(a) The words 'less any prior lien indebtedness' shall be added at the end of and as a part of the parenthetical phrase of section 3 (a) (7 U. S. C. 1003 (a)), and the words 'or second' shall be inserted after the word 'first' where it appears in the first sentence of section 3 (a).

"(b) The words 'a rate of interest not in excess of 5 percent per annum as determined by the Secretary' shall be inserted in lieu of the words 'the rate of 4 percent per annum' in section 3 (b) (2) (7 U. S. C. 1003 (b) (2)).

"(c) the words 'shall not be in excess of 4 percent per annum as determined by the Secretary' shall be inserted in lieu of the words 'shall be 3 percent per annum' in section 12 c) (4) (7 U. S. C. 1005b (c) (4)).

"(d) The words 'pursuant to section 43' shall be deleted from section 46 (7 U. S. C. 1020).

"(e) Section 51 of said act (7 U. S. C. 1025) is amended to read as follows, except insofar as said section affects title III of the Bankhead-Jones Farm Tenant Act, as amended:

" 'The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this act, the act of August 14, 1946, the act of April 6, 1949, the act of August 28, 1937, or the item "Loans to farmers, 1948, flood damage" in the act of June 25, 1948, as those acts are heretofore or hereafter amended or extended; to bid for and purchase at any forclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act'."

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes."

A motion to reconsider was laid on the table.

THE TVA MUST BE CONSISTENT OR NO CALF LIKES TO BE WEANED

The SPEAKER. Under special order heretofore entered, the gentleman from California [Mr. PHILLIPS] is recognized for 60 minutes.

Mr. PHILLIPS. Mr. Speaker, last Tuesday, I came on the floor, as you will recall, somewhat unexpectedly and discovered that a few of my friends in the Congress were blowing up the proverbial "tempest in a teapot" over the logical, and very reasonable proposal, that the Atomic Energy Commission, as the party most interested, should contract with a group of private utility companies—who would, in turn, create a separate corporate entity for the purpose—for the necessary additional kilowatts to operate the AEC plant at Paducah.

I doubt, Mr. Speaker, if any Member of the Congress is taking these objections seriously, but I think they should

be answered. You, Mr. Speaker, and the Members of the Congress are entitled to the facts. Since I am the chairman of the subcommittee responsible for the appropriations for both the TVA and the AEC, and thus have an intimate acquaintance with both sides of this argument, I think perhaps I should be the one to come to the floor now and attempt to give these facts for the information of the Members. The facts are all ascertainable; they are matters of record in the hearings and reports from the Committee on Appropriations, over a period of more than 7 years, and there is no mystery whatever about the present contract, nor its desirability.

As a matter of fact, Mr. Speaker, I think I may be in error in referring to this as "a tempest in a teapot." The sound had a familiar ring to me when I came on the floor last Tuesday, and I say in all friendliness, that I think it will have a familiar ring to any Member of Congress who has ever owned a farm, or who has any farm friends. Perhaps you, Mr. Speaker, have heard the protests of a calf when the time has come for it to be weaned. Do you recognize a similarity between the protests of the calf, who wants to continue his meals without working for them, and the protests of the TVA officials and their friends, who would like that favored agency of Government to continue its carefree life, without the responsibilities and worries which face every private enterprise of any kind in the United States which must raise its own money, live upon its income, set aside its own reserves, pay taxes to Federal, State, and local governments, plan its own future with some thought to its probable income, make a profit for those who have been optimistic enough to invest in it, and in every way conduct itself as a normal business operations? This the TVA has never done, and this the TVA, like the familiar calf, will not do without echoing the calf's protests.

For brevity, and for my own convenience, I shall ask myself a series of questions, taken largely from the statements of my friends on the floor of the House, and I shall give the answers. I shall yield for questions, Mr. Speaker, to the extent of my available time, but I would appreciate it very much if the Members would withhold their questions until after I have concluded this slightly more formal part of my statement. I have asked my colleague, the gentleman from North Carolina [Mr. JONAS] to help me out with a few of the statistics, as we have so many agencies of Government coming to the Subcommittee on Independent Offices for their appropriations, that we follow a convenient plan of dividing the work among the members of the subcommittee, and my very able colleague, the gentleman from North Carolina, has quite an accumulation of material regarding both the AEC and the TVA, some of which may have reference to this contract argument.

Question No. 1: Did the President of the United States order the Atomic Energy Commission to sign a contract with anyone?

Answer: Obviously, the President did not. I presume the friends of the TVA monoply would like to have it appear that the President somehow invaded the legislative area, which would be a very farfetched conclusion, even if he had given such an order, but he did not. I quote from the letter, under date of June 16, 1954, addressed to Mr. Strauss, from the Director of the Bureau of the Budget. I quote:

> The President has asked me to instruct the Atomic Energy Commission to proceed with negotiations with the sponsors of a proposal made by Messrs. Dixon and Yates, with a view to signing a definitive contract on a basis generally within the terms of the proposal. He has also requested me to instruct the Commission and the Tennessee Valley Authority to work out necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole.

I find nothing to object to in that statement. If two agencies of Government as important as the Atomic Energy Commission on one hand and the Tennessee Valley Authority on the other hand cannot coordinate their activities, for the safety of the Nation, and at the same time for the benefit of the taxpayers, Congress and the President should know the reason why.

Question No. 2: How did the idea for the proposal originate?

Answer: The Committee on Appropriations has, for a number of years, urged the Atomic Energy Commission to explore the possibility of a source of power from private utilities, both because the area of the TVA is limited by its act and for security reasons, on the well-known theory of not carrying all the eggs in the same basket.

The fact of the matter is, however, Mr. Speaker, that the House of Representatives has by vote 4 times, I repeat, Mr. Speaker, 4 times, in this session and last, expressed its opposition to the idea that the Tennessee Valley Authority shall spread westward, or in any other direction, outside of the area designated as its limitations in the basic act, and particularly that this expansion, not contemplated in that act, and perhaps illegal, should be by the process of building steam plants to produce additional power. It should be obvious that if the Tennessee Valley Authority has the legal right to build a steam plant at Fulton, where it proposed to build the plant for the additional power the Government now hopes to get from private enterprise, and to carry the current to Memphis, which is 115 miles west of the Tennessee River, then there is no limitation upon its area of construction nor of service. If it can supply power to Memphis, it can just as legally supply power to Ohio, or to Kansas or to California. Its expansion would be limited only by the willingness of a subservient Congress to supply it with the funds for such construction. I think this is a matter which should have very serious consideration, Mr. Speaker, by all Members of Congress.

Question No. 3: Is there anything unusual in "proceeding with negotiations" before detailed specifications have been prepared and submitted to the negotiating parties?

Answer: None that I know of, and apparently none in connection with the previous operations of either the TVA or the AEC. Both have followed this method in the past, particularly the Atomic Energy Commission. In the present situation, Dixon-Yates have simply made a proposal in general terms, and the President has authorized further negotiations. I think the idea is good.

Question No. 4: In what area of the United States is the Tennessee Valley Authority authorized to operate?

Answer: The basic law limits the Tennessee Valley Authority to the area of the Tennesseee River and its tributaries. The plant the TVA monopoly requested $100 million to build would have been 115 air-miles west of the Tennessee River and entirely outside the TVA area, as defined in the act.

Question No. 5: Is the Tennessee Valley Authority authorized by law to build steam plants for the production of power?

Answer: This is a moot question. The Subcommittee on Independent Offices has been repeatedly importuned to give authority to any citizen, who wishes to take advantage of that authority, to take this question to court, to determine whether the Congress intended, in the authorizing act, to permit the TVA to build steam plants, or perhaps I should say, to build steam plants and sell this power to consumers, either inside or outside the area named. Anyone reading the basic act will be struck with the fact that it was the intention of the Congress at the time to make it possible for the TVA to create hydroelectric power, and to operate plants already in existence. Permission to sell the power was limited to excess power, and the implication was that it was excess power from the existing steam plant or plants, and from the hydroelectric power developed on the river and its tributaries.

The Subcommittee on Independent Offices has consistently refused to give authority to take this question to court, not because we have no question in our minds, but because we felt that the building of steam plants, pressed upon us as a war necessity, was a fait accompli. Under a necessity of war and the demands of the atomic energy installations, we had appropriated money to build steam plants. It would seem a little inconsistent for us, at this late date, to question our right to build them. However, I think I may say with some assurance that, first, if additional steam plants are contemplated inside the TVA area, without this war necessity, or to provide power which could be supplied from private utilities, or to supply additional current while the residents of the area are to retain the luxury uses of power in their own homes, subsidized by the Federal Government, then I think the Committee on Appropriations should authorize such a test case; and second,

I feel very confident that such a test case would necessarily be authorized, were the TVA to insist on going outside of its own area for the construction of steam plants.

I am taking for granted that the Mississippi River has not become a tributary of the Tennessee River. It has been a long time since I studied geography in school, but I do not think there has been that change.

Question No. 6. Where will the proposed plant be built, either by the TVA or by the Dixon-Yates proposal?

Answer. Mr. Speaker, this is an extremely interesting question. The TVA monopoly proposed to build an additional plant at Fulton, which is in Tennessee, 30 miles upstream from Memphis. The Dixon-Yates proposal is to build a plant across the river, in Arkansas. The distance between the 2 plants is approximately 30 miles, presuming that a Tennessee crow flies in a straight line, as crows still fly in Pennsylvania and California, and not in the erratic line suggested by the occasionally devious reasoning of TVA's devoted friends.

Apparently if TVA builds the plant that is considered to be good, but if Dixon-Yates build the plant, in the same locality, then it is iniquitous and wrongly placed. Let us be consistent, Mr. Speaker, if nothing else.

Question No. 7. Is there anything unusual about the proposal to have the AEC contract for power, to be delivered to the TVA, for eventual use by the AEC?

Answer. There is nothing unusual, and nothing remarkable, and certainly nothing objectionable. Both the AEC and the TVA are agencies of the United States Government. We need more coordination between Government agencies, rather than less. It would save the taxpayers' money.

Neither is the replacement of power a new idea, nor is it a new method of supplying power for AEC plants. It is the practice employed by the TVA itself, and it has been employed by the TVA since it began adding capacity to its system to serve the AEC. This began in 1949. I think, Mr. Speaker, that the record should be set straight on this point.

In these years, whenever the AEC requested additional power, the TVA has not, except for the initial load at Paducah, added the full capacity in the area of AEC expansion. Instead of that, the TVA has come to my subcommittee and secured the necessary money, with both congressional and Bureau of the Budget approval, to place this capacity at some distant point in its system.

It amuses me very much to hear some of my distinguished friends moan about the fact that the proposed Dixon-Yates plant will be some distance from Paducah. Please note this, Mr. Speaker, when the Atomic Energy Commission secured authorization for a major expansion in 1949 the TVA asked for money to build the Widows Creek generating plant, and to build units for the Johnsonville steam plant. You have only to look back to the hearings before my subcommittee to discover that this request was justified on the basis of the demand for additional power by the AEC. Now Johnsonville is 200 miles away from Oak Ridge, where the power was to be used, which is a much greater distance than the proposed Dixon-Yates plant would be from Paducah. The Widows Creek plant is approximately 100 miles from Oak Ridge. I think Congress has the right to insist, Mr. Speaker, that the friends of the TVA be consistent in these arguments. If it is all right for the TVA to do something, then it must not be termed iniquitous for a private utility to do the same thing.

The next expansion of the AEC program was in 1951, at Paducah. In this case, the power requirements were contracted on a 50–50 basis with TVA and EEI. Each was to supply 500,000 kilowatts. At that time TVA requested my subcommittee to appropriate funds for the building of the Shawnee plant, stating that that plant would be located adjacent to the point of consumption. That was done.

Late in 1952, it again became necessary to expand the AEC facilities. The new power requirements, checking back on our records, were to be something over a million kilowatts needed at Oak Ridge, 950,000 kilowatts needed at Paducah, and 1,800,000 needed at Portsmouth. TVA was requested to supply the Oak Ridge requirements and 700,500 kilowatts of the additional Paducah requirements.

Now Mr. Speaker, how did TVA decide to supply these requirements? Did they insist on adding this new capacity immediately adjacent to the AEC plants? The answer is in the records of my subcommittee, and in the records of the Appropriations Committee. TVA did not.

To serve the Oak Ridge load, TVA requested an appropriation for the construction of 2 units at Kingston, 2 units at John Sevier, and 2 at Gallatin. The Kingston plant is located adjacent to Oak Ridge, and when it is completed, it will be the largest steam plant in the world. This plant, because of its location, and because of its capacity, and the transmission facilities from it to the Oak Ridge area, will supply all of the additional Oak Ridge requirements. Thus we have exactly the same situation to which the TVA objects now, when proposed by a private utility. The Kingston plant is now serving the Oak Ridge area, just as the proposed Dixon-Yates plant would service Memphis, and the kilowatts poured into the TVA grid from other locations would be used, quite properly, to serve the new AEC plants. It is simply another story of replacement. I say again, Mr. Speaker, if it is all right for the TVA to do this, then it is not iniquitous for similar arrangements, to do exactly the same thing, to be made with private enterprise.

The John Sevier units, which are 70 miles from Oak Ridge, and the Gallatin units, which are 150 miles from Oak Ridge, would be used to serve other demands, by replacement.

Question No. 8: Does TVA use only its own power?

Answer: Certainly not. TVA buys power from private utilities, and carries it over its own construction lines, supplementing or replacing power produced by its own plants. It thinks nothing of this. Twelve to fourteen percent of the power used last year was bought from private utilities, and delivered by the TVA over its own lines. It is only when someone else proposes to make the arrangement that TVA objects.

It seems to me that the only difference between the proposed replacement of 600,000 kilowatts to Paducah, and the system followed by the TVA in the last 5 years, in supplying other AEC requirements, is that the Tennessee Valley Authority in the past made the decisions. In this case the President has decided, quite properly, that the additional power needed is to be obtained through a contract between the AEC and private utilities for a new plant located in the Memphis area—which, by the way, is the same area selected by the TVA for itself. In one case, the Federal taxpayers were to have put up the necessary money, and in the present case, the plant is to be built by private financing. This is a little matter of a hundred million dollars to the taxpayers of the United States, plus interest at perhaps 3 percent during the life of the loan. I shall come to this particular point a little later. We are approaching the legal debt limit.

Question No. 9: Is there anything unusual about combining public and private power?

Answer: Certainly not. I have just indicated that TVA does it all the time. One of my good friends from the Tennessee Valley area expressed himself eloquently last Tuesday that the combination of public and private power was something that had never been done, and should not be done. I can only point out that I live in the shadow of the Hoover Dam, one of the outstanding examples of the successful combination of public and private interests. The Hoover Dam, and its operation, and the satisfactory repayment of its costs, plus interest, is constantly pointed to with pride by the Interior Department, under all administrations, to use the words of the Arabian Nights, as "an example to all who may take profit of example."

Question No. 10: What was the situation at Joppa?

Answer: The reason I ask myself this question is because some of my distinguished friends have attempted to make something of the delay in building the Joppa plant. The contention is that this is evidence of the inability of private utilities—which have, of course, been building plants successfully over the United States for generations—to build a powerplant. Nothing could be more absurd. It is true there was a delay in building the Joppa plant. If there is anything to be criticized in the situation, then the criticism should be placed where it belongs, on the shoulders of the labor leader who caused the delay. I can say now what I could not have said 90 days or more ago, although it was then known to members of the subcommittee. The contract was let by the contracting utilities to an experienced contractor. A million dollars in extortion money was demanded of him by the union leader in

charge of the work. When the contractor refused to be blackmailed or browbeaten, the strikes began. A day or so stoppage at a time, sometimes for a longer time. All this appears in the official records of the Joint Committee on Atomic Energy. The union leader is now under indictment and I presume the matter will be in court records before very long. The delay in finishing the plant is less than the time represented by the stoppages. If the private utilities are to be charged with anything, they can be charged only with inexperience in dealing with a situation of that kind, involving a Government agency and an unsympathetic labor leader.

Question No. 11: Has the TVA some inherent right to supply all power, from the Atlantic seaboard to the Mississippi, or even in the territory defined in the basic act?

Answer: It has no inherent right of any kind, but TVA has a beautiful monopoly created for its benefit, partly by Congress, and partly because of the war demands. In discussing this matter with my colleague from California, who had said that a committee of the other body was about to investigate the Dixon-Yates proposal, on the grounds that it constituted a monopoly, I asked a very simple question, Will the Senate committee then investigate the TVA monopoly at the same time?

I meant that seriously. The TVA is permitted, under the law, to require contracts from its customers that they will not purchase power from any other power producer. If this is not a monopoly, I never saw one, but the contracts are even more monopolistic than that; they provide that the power may only be resold by communities at rates approved by the TVA itself.

I know of no comparable situation in the United States. The community in which I live purchases its power from a private utility and distributes it in the community. If it wishes to add a few mills for community purposes, specific or general, it has a perfect right to do so. During the depression years, I suspect that many communities in the United States kept themselves in the black by adding a little to the costs of the power they bought, and resold to the community consumers. Yet the TVA monopoly, as I have already said, goes out and buys power from other sources, and sells it, not at cost, but at a price which will make it possible to prefer one customer to another. For example, the AEC, at Paducah, has been paying TVA a higher rate for power, than it paid the private utility. This overcharge to AEC helped enable TVA to keep its rates low to its individual consumers in the Tennessee Valley. The TVA monopoly is enabled to sell the power at the prices it charges only because these consumers are subsidized by the taxpayers of the other States.

Question No. 12: Under the Dixon-Yates proposal will the new corporation pay taxes to local and State and Federal Governments?

Answer: I see no objection, and certainly the Congress by its frequent actions, has indicated its approval of the idea that Government agencies should do something to compensate the States by in lieu taxes, just as the Congress has expressed its concern over the increasing encroachment of Government into State and local areas, both in the ownership of land, and into tax sources.

One of the speakers, of the group which seems to be trying to prevent a contract between the Atomic Energy Commission and private enterprise, spoke slightingly of the fact that the new corporation will pay over a million dollars of taxes to the State of Arkansas. I rise to remark, Mr. Speaker, that I do not consider that a bad idea. Cities and counties and States and the Government at Washington, all live by collecting taxes. What I want to know is why my friends in Tennessee consider it wrong for a private utility to pay taxes to the State of Arkansas, when the State of Tennessee has itself been receiving, from the taxpayers of the other States, amounts of money in excess of a million dollars annually, appropriated by the Congress, for what is politely known as resource development? One year we appropriated $4,800,000. A careful analysis of these expenditures will indicate that in States not in the TVA area, these expenses are borne by the taxpayers of the States themselves, and they are not subsidized for these local operations and local costs by a paternalistic government. I think it will be a very healthy sign, when we stop subsidizing the TVA States for expenditures which, in the other States, are borne by the taxpayers of those States. I think it will be an even healthier sign, when the Federal Government gets back on a basis of dealing with private utilities, local businesses and industries, and stops the octopus-like spread into all areas of Government, business, industry, and financing. If, in that process, money is paid in taxes to the separate States, where the industries are located, I shall certainly not be the one to object, and I am convinced, from previous voting records, that a majority of the Members of Congress will not object.

Question No. 13: Will the Federal Government pay the Federal taxes of the new corporation?

Answer: Although a contract is not yet finally signed, apparently this is the intention. I admit quite frankly that this is an unusual provision in a Federal contract, but I am not convinced that it is a wrong provision. If it errs at all, it errs on the side of honesty. I cannot believe that any Member of Congress is so naive that he thinks the money to pay Federal taxes comes out of thin air. If one of the airplane plants in my State makes a contract to build airplanes, I can assure you the contractor has added to his bid the estimated cost of the taxes he will have to pay, corporate or individual, to the Federal Government. Otherwise he would not stay in business. I can also assure you that he has not deliberately underestimated the amount of money he will need for these taxes. It seems to me, reading the testimony carefully, that the proposal of the Dixon-Yates corporation is simply that the Federal Government consider the taxes as a separate item, to be separated and identified from the other costs. This puts the new corporation on exactly the same footing as the TVA monopoly, which is its competitor in bidding, and which of course pays no taxes, and assures the Federal Government that it will pay only the exact amount of the taxes and no more.

Question No. 14: Is the new corporation to be guaranteed a 9 percent profit on its investment?

Answer: The proposal of Dixon-Yates contemplates a return of 9 percent only on approximately $5 million of paid-in capital. What is so wrong about that? I wish it clearly understood that I am not opposed to the theory that an individual, or a corporation, in the United States of America, is entitled to a profit upon his investment or his efforts. This happens to be the theory that has made the United States the strongest Nation in the world.

I suggest again that the friends of the TVA monopoly realize the desirability of being consistent. To put up the plant, to provide the power needed, the TVA would require approximately $100 million in cash, over several years, which would have to be borrowed from the taxpayers of the United States, who will shortly become increasingly reluctant to advance all of this money, year after year, for the benefit of one small area, in the United States. The Government will then pay interest on this money and I presume it will run about 3 percent on the average. The taxpayers will then be asked to advance this interest.

However, Mr. Speaker, that is not the only reason I was asking the friends of the TVA monopoly to be consistent. I want them to look at some figures. If they will turn to page 2447 of the hearings of the Committee on Independent Offices, part 3, for the TVA appropriations for fiscal year 1955, they will find a table, which begins with the year 1934—at which time we appropriated $50 million to the TVA—and which continues through the year 1954, to make a grand total of money appropriated to the TVA of $1,785,214,581.

During that same period repayments to the United States Treasury have totaled $123,170,667. Thus, the United States, over a period of more than 20 years' investment in the TVA, has received repayments of less than 8 percent of the total amount appropriated. I do not want to be misunderstood. We do not expect the TVA to reimburse the Government for money spent for other purposes than the power program. However, the total amount of the money was supplied by the taxpayers of the whole country. For the power program alone the unpaid balance is still in excess of $800 million, and this is figured generously, from the TVA standpoint. TVA pays no interest on this investment. TVA pays interest only on the bonds which Congress authorized it to issue when it took over the properties of Commonwealth & Southern.

Question No. 15: Does the TVA repay its investment to the Federal Government?

Answer: I would like, once and for all, to explode this fairy tale. The TVA does not repay its investment, and makes no pretense of repaying its investment. I will drop figures for a moment, which might be confusing, and give you in simple language the theory upon which the devoted supporters of the TVA monopoly attempt to explain this inconsistency. The theory is that the money advanced by the taxpayers of the other States and poured into the Tennessee Valley area is used to build powerplants, transmission lines, dams, and other facilities for the production of power which, in the words of the TVA witnesses before my subcommittee, "belong to the Government." It is a nice theory. I wish I could go down to my banker in my home county and say to him, "Mr. Smith, I can't pay you anything on my loan this year because I bought myself a new suit of clothes. We will consider that you own the suit of clothes and that will be a repayment on my loan." I suspect he would say to me that in his opinion the suit would wear out, and he would not have much left after a few years. The simile may be amusing, and I mean it to be so, but there is more truth in it than our friends of the Tennessee Valley will want to admit. Powerplants wear out. Powerplants become obsolete. In a generation moving into atomic power and new methods of production and use and distribution, I am afraid the Government will have very little value left in its powerplants and distribution systems in the Tennessee Valley after 40 or 50 years. I have a feeling that the United States Government should take the position my banker would probably take, and say to me quite firmly that he would prefer to have the cash. Even under the TVA theory, the power construction, after 50 years, will still serve that local area, not the taxpayers of other States, to whom the TVA says the plants belong.

Yet seriously, Mr. Speaker, this is exactly the argument the TVA has used before my subcommittee for years. It has been paying back a few million a year and comes back to Congress for deficit money running as high as several hundred million dollars a year.

For fiscal year 1954 we appropriated $188,546,000; and for 1953 we appropriated $336,027,000. In those 2 years, we got back, respectively, $24,676,977 and $19,229,268.

If I lived in the Tennessee Valley, I would undoubtedly think this was a wonderful idea, to have the taxpayers of the other States subsidize me. As a member of the Committee on Appropriations, I am unable to look upon this as a good investment.

I have great sympathy for my friends in the Tennessee Valley area, and I have no controversy with any of them individually. I can imagine the pressures upon them from that area. Take the matter of heating the houses, alone. When I first went to California, practically all the facilities on my little ranch were operated by electric current, but I did not feel that I could afford to heat the house by electricity, and the bills for heating water were enormous. I imagine over the years current rates have come down, but still house heating by electricity is considered to be one of the most luxurious uses of electric current, from the standpoint of cost.

Yet in the city of Nashville, 20,000 homes are heated by electricity furnished from TVA sources. In the State of Tennessee, 110,000 homes are heated by electricity. It is perfectly obvious that this is a subsidized use of electricity. And here is an interesting thing: The Atomic Energy Commission has the first call upon power in the Tennessee Valley area. We are not discussing today, basically, whether we shall continue to appropriate Federal money, and subsidize TVA operations, for the benefit of the Atomic Energy Commission, and for the security of the United States; we are discussing whether we will continue to subsidize the TVA, and permit it to build another steam plant, outside of its own area, in order to heat the houses of the people of Tennessee.

Question No. 16: Will there be a loss of approximately $3 million per year if power is secured from this new plant, rather than supplied by a new plant built and operated by the TVA?

Answer: Practically, to the taxpayers, there will be no loss. I could easily build up a book loss, as our friends of the Tennessee Valley have done, and I could make it as high as $3 million, but honesty compels me to repeat that there is no such loss, in fact. I think I can prove this.

The estimated annual cost of the Dixon-Yates proposal, which includes taxes, is $20,959,000.

The estimated total charges to AEC, by the TVA, if we use the TVA-Paducah contract as a base, is estimated as $19,856,000.

We start therefore with a projected difference between the two costs of $1,013,000.

Since the TVA pays no income taxes, and since this is set up as a separate item in the Dixon-Yates proposal, we may consider it only as a transfer of Federal money from one pocket to the other. Deducting $820,000, as the estimated Federal income tax, leaves us a difference of only $283,000.

Now, Mr. Speaker, turn back to the figures upon which these differences in cost were originally estimated. I point to only one item. The difference in cost between private money and public money was based on the assumption that we could obtain Government money for 2½ percent interest. I raise a firm question as to whether that would be possible? If we were to pay only 3 percent over the years, for the money we would be required to advance to the TVA to build the plant, and if we do not take into consideration the historic custom of the TVA to come before my subcommittee every year and ask us to pick up its deficit, then that slight increase of one-half percent in interest rate would wipe out the difference between the two proposals. I could cite other items, I am quite sure, between the operation costs of the TVA and of a private utility, and I have already pointed out that in the case of a private utility, it must create its own reserves, pay its own taxes, pay insurance, and all the other items which go into the normal and proper operation of an industry in the United States of America. I repeat: There is no difference or, if there is any, it is on the side of the Dixon-Yates proposal.

Question No. 17: Is any attempt actually being made, in this Congress, to destroy the TVA?

Answer: I apologize, Mr. Speaker, for even including this question, but actually, this was implied in a statement on the floor last Tuesday. The answer is, "Absolutely no." It would be impossible to do so, if anyone had such a thought, and it would certainly be undesirable.

I assure you, Mr. Speaker, that there has been no discussion of this kind before my subcommittee at anytime, and I am quite sure we would be aware of it, had there been such a discussion anywhere. The discussions regarding the TVA, generally speaking, have confined themselves to four groups:

First. Shall the TVA be permitted to build powerplants and extend its power lines still further, outside of the area designated in the basic act? This is entirely a matter to be decided by the Congress. I gather, however, from discussions and votes in preceding years, on the floor of this House, that the idea does not meet with general favor in this House.

Second. Does the TVA have the legal right to build steam plants, for the sale of power, either inside or outside of its designated area? I have discussed this already this afternoon, and I will not repeat my comments.

Third. Should the TVA be required to pay interest on the unpaid balance of the money advanced to it, for its power systems? The money for this purpose is borrowed from the taxpayers and then interest is collected from these taxpayers to pay interest on the bonds issued. It would seem a reasonable thing to require the TVA to pay the same interest on this unpaid balance as the Treasury Department is required to pay for the money. The Subcommittee on Independent Offices recommended this to the full Committee on Appropriations, and the Committee on Appropriations, by a recorded vote, accepted and confirmed the recommendation.

You will remember, Mr. Speaker, that the bill also contained provisions regarding public housing and because of these latter provisions, the Rules Committee declined to give us a rule. Consequently, when the bill came to the floor, the provision regarding interest from the TVA went out of the bill on a point of order.

Fourth. Should the TVA be permitted to carry its monopoly into the resale of power by the communities, which buy from the TVA, when these communities resell the power to their own citizens? I have personally very strong feelings on this because I served on the city council of my home town and I know just what the situation is. I think this is an unreasonable monopoly and the Independent Offices Subcommitee recommended to the full committee that this control of resale prices be abolished. The full

committee approved the recommendation but it also went out of the bill on a point of order.

Fifth. The only other discussion regarding the TVA has been over whether or not it should be set up as a Government corporation, to operate on its own money, issue its own bonds if necessary, and in every way maintain itself as a private utility would be expected to maintain itself. This has never come formally before my subcommittee, nor do I know that it has ever been formally presented to a legislative committee. If the TVA is as successful an operation as its friends maintain, then it should have no concern over such a proposal. It has a monopoly area. I have no reason to doubt that it can operate economically and efficiently. Certainly it should not expect indefinitely to operate at the expense of the taxpayers of the other States.

Question No. 18: Was the President well advised or badly advised when he issued the instructions to the Bureau of the Budget to negotiate with private companies for the supply of this power for the Atomic Energy Commission?

Answer: The question answers itself. He was well advised. From the beginning of time, all nations that have permitted themselves to be drawn little by little into a paternalistic, centralized form of government, no matter what we choose to call it, have destroyed themselves. If for no other reason, they have exhausted their resources. I have no desire to discuss the propriety of having created the TVA in the first place, nor to discuss the years and management of the TVA up to the present time. We are talking about from now on. The time has come for us to treat this situation in an intelligent and reasonable way. The President of the United States was elected on a platform of attempting to stop deficit financing, to stop this trend toward paternalistic government and consequent dictatorship, and to encourage private enterprise. The proposed contract with the Dixon-Yates group is for the benefit of the taxpayers and for the benefit of the Atomic Energy Commission. It should be signed. I see no reason why the Atomic Energy Commission should not go ahead at once and sign the contract and completely disregard the obvious attempts to confuse and obstruct which are now taking place on Capitol Hill.

Of course, there are people who may not be happy over such a contract. These are people of the Tennessee Valley who have been getting current at a subsidized cost. I said in my speech on the floor months ago that I know the people of the Tennessee Valley. They are fine people, patriotic and intelligent. I know their Representatives on the floor of this House are able and intelligent and experienced. Properly presented to the people of Tennessee, this plan will be approved. They want assurance that there is no intention to destroy the TVA. They want assurance that they will continue to have power themselves. They can be further assured that, as citizens of the whole United States, this plan is for the best interests of all.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. EVINS. I have listened with a great deal of interest to what the gentleman has said. It seems to me that of all the Members of the House of Representatives, the gentleman from California who has just spoken should be one of the best informed Members on the TVA and AEC programs as he now sits as chairman, and has sat in the past as ranking member of the Subcommittee on Appropriations which hears representatives of these Government agencies annually. Each year representatives of the TVA come before your committee and present to the committee the facts of its efficiency and the details of its operation. So the gentleman should be better informed than his speech indicates. He should know the answers to the questions he poses. I think he does. I know that the gentleman, in his own heart, knows that he has not given the full facts of this situation. His questions and observations are full of half-truths and not full truths and full information. The whole story has not been told by the questions he has propounded. His remarks are designed to mislead and give a one-sided picture. I know that the gentleman, in his own heart, knows that he has not given this House the full facts. He has brought out a red herring, trying to pull the President out of a hole when he has gotten into a hole by ordering a lush contract for a private power syndicate without the benefit of competition, or competitive bidding. This deal will cost the taxpayers of the Nation, according to estimates by the Atomic Energy Commission, some $92 million and by the Tennessee Valley Authority in excess of $139 million. It has been questioned by three members of the Atomic Energy Commission, and also questioned by the Acting Comptroller General of the United States as to its legality, propriety, and its feasibility.

Mr. PHILLIPS. Is this a question?

Mr. EVINS. Here is my question. Has the gentleman given the Members of the House all of the facts and all of the truth, taking into consideration the position which he holds on the Appropriations Committee?

Mr. PHILLIPS. The gentleman answers frankly that he has not given all the facts.

Mr. EVINS. I thank the gentleman.

Mr. PHILLIPS. The gentleman from California had only 50 minutes, but if he were able to give the facts in detail, they would much more conclusively, than stated today, show that the contract is good and that these are not half-truths. If they are half-truths, they are half of the facts.

My distinguished friend the gentleman from North Carolina [Mr. JONAS] has inserted in the RECORD today statistical information which will support the things I am saying. I have made an accurate statement.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. You will notice that you have several friends standing, and I have only 8 minutes remaining.

Mr. EVINS. I refer to a press release from the Foreign Operations Administration, dated June 10, in which it states:

FOA today announced a $30 million authorization for the building of three thermo steam electrical plants in the Republic of Korea at a cost of $30 million.

This Appropriations Committee—the gentleman's committee—has denied 1 steam plant for the people of the TVA area and the Nation and yet has approved $30 million for 3 steam plants in Korea. Can the gentleman explain the inconsistency of that action by his committee?

Mr. PHILLIPS. Yes. Did the gentleman vote for the steam plants in Korea?

Mr. EVINS. I should be pleased to do so in the event they are demonstrated to be needed and necessary.

Mr. PHILLIPS. You voted for it. I did not vote for the ones in Korea.

Mr. EVINS. But your committee has approved the funds and your administration has approved it.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. JONES of Alabama. The gentleman stated to the House the repayment plan written into the Appropriation Act, carried on by the TVA.

Mr. PHILLIPS. Five million dollars a year, plus interest on the bonds.

Mr. JONES of Alabama. How long was the TVA given to make this repayment to the Treasury?

Mr. PHILLIPS. Quite a time.

Mr. JONES of Alabama. Forty years; is that not correct?

Mr. PHILLIPS. I believe it was.

Mr. JONES of Alabama. Now the gentleman has examined their repayment progress up to the present date, as chairman of the Appropriations Subcommittee. Will the gentleman state to the House whether or not the TVA is in arrears in its repayment plan?

Mr. PHILLIPS. It cannot be in arrears, for TVA does not have any specific payment plan.

Mr. JONES of Alabama. The gentleman from California knows there is written in the appropriation bill for 1948 and 1949 a repayment plan of 40 years.

Mr. PHILLIPS. Yes.

Mr. JONES of Alabama. The TVA at the present time is not in arrears in that payment, and they are 45 percent ahead of their repayment schedule of 40 years.

Mr. PHILLIPS. I remarked that they had paid back, to date, 7 percent of the amount, without interest.

Mr. JONES of Alabama. The gentleman stated that they owed $32 million on bonds. As a matter of fact the information as already given to the committee, of which the gentleman is chairman, is that TVA has recently paid back $10 million on those bonds. Is that not correct?

Mr. PHILLIPS. Let me tell the gentleman something. I have made a calculation while the gentleman was talking. It is about $20 million a year that it would have to pay back, if paid back in equal payments, and that, without interest.

Mr. JONES of Alabama. If the gentleman is using the figures correctly, then on the project of the increased income these new investments will show a repayment to the Treasury.

Mr. PHILLIPS. Wait a minute; let me get this straight. That is one of these TVA calculations.

Mr. JONES of Alabama. I do not know that TVA has done any calculating. I know that the gentleman from California's own figures show that TVA is ahead on its payments to the Treasury of the United States on those bonds in which the people of the country have invested.

Mr. PHILLIPS. It would follow from that that if you should divide the amount TVA ought to pay, into the amount due now, it would be $20 million a year, with no interest.

Mr. JONES of Alabama. But the gentleman must admit that on the repayment plan that has been adopted TVA has carried out all its commitments.

Mr. PHILLIPS. I really must yield to some of these other gentlemen standing. I have but 6 minutes left. I yield to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS of North Carolina. If the gentleman will permit, I would like to respond to our colleague from Alabama. It is true that the law requires TVA to return to the Government the capital investment applicable to power over a period of 40 years.

Mr. JONES of Alabama. That is right.

Mr. JONAS of North Carolina. And TVA is up to its schedule in respect to those payments.

Mr. PHILLIPS. Without interest.

Mr. JONAS of North Carolina. But the point the gentleman from California was making is that the taxpayers are continually asked to put up hundreds of millions of dollars a year, and the repayments do not approach these figures.

Mr. JONES of Alabama. Why are you trying TVA when we have got under consideration here a contract with the Dixon-Yates group?

Mr. JONAS of North Carolina. I am not trying TVA. I am agreeing with you that the law permits TVA to write off its capital investment in power development over a period of 40 years and it is up to and ahead of its schedule on that.

Mr. JONES of Alabama. But that is not the case being tried. The gentleman from California is bringing up the question of whether or not TVA pays interest in determining whether or not it is to the best interest of the Federal Government to carry out a contract between two private utilities and the Atomic Energy Commission.

Mr. PHILLIPS. The only thing I am trying to do is to take the taxpayers' side.

I yield to the gentleman from Tennessee [Mr. PRIEST], who very willingly yielded to me the other day.

Mr. PRIEST. I do not know that I need take the gentleman's time, I certainly do not want to needlessly. The question I had was to get clear on the record the fact that this repayment has been lived up to, and I think that has been made clear, that TVA is ahead of its schedule on amortization payments.

Mr. JONES of Alabama. That is it.

Mr. PHILLIPS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Mr. Speaker, I listened with a great deal of interest to the gentleman's speech. While I disagree with a considerable portion of what he said, I do think he made a good speech. I want to ask a question, and I am sure he will be fair with it: Does not this deal smack somewhat of being a cloudy deal in that it was carried on and negotiated behind closed doors with no one else permitted to come in and bid for this particular business? Does not that indicate that it is a somewhat cloudy payoff proposition?

Mr. PHILLIPS. Not at all, because I think others could come in on it; others can still come in.

Mr. ABERNETHY. Now, wait just a minute. This deal was negotiated and announced as closed. Or is it not closed today?

Mr. PHILLIPS. No.

Mr. ABERNETHY. Has not the Dixon-Yates Co. been notified that they will have this particular contract? And has not the AEC been instructed to enter into it by the President?

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I refer the gentleman to my colleague.

Mr. JONAS of North Carolina. May I answer that? The President did not order anybody to sign any contract. He issued instructions to the AEC to negotiate a contract.

Mr. PHILLIPS. That is true.

Mr. ABERNETHY. He just popped a gun in their back and said, "Negotiate a contract with these utilities." That is what he did to them—of course he did.

Mr. JONAS of North Carolina. The gentleman from California quoted from the directive itself.

But with respect to the question of the gentleman from Mississippi as to whether any other companies could be included in the negotiations, I ask the gentleman from California how many other power companies are in position to supply power in the Memphis area? You would not expect a power company from California, New York, or elsewhere, to invest $100 million in a power development on the Mississippi River.

Mr. ABERNETHY. Is it not a fact Mr. Burch represented a particular client that wanted to make a proposal in this deal and have they not closed the door in his face?

Mr. PHILLIPS. The answer is, "No." I hope to take time on Wednesday to discuss that.

Mr. ABERNETHY. Now, can the gentleman tell the House who they could negotiate with, who they could discuss it with?

Mr. JONAS of North Carolina. Anybody that wants to submit a proposal.

Mr. PHILLIPS. They talk to the Bureau of the Budget.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Illinois.

Mr. PRICE. I am chiefly concerned with the threat to an independent agency of the Government. It is a very serious thing that the Congress should give attention to. In the consideration of this problem you can talk about all of these other things but the chief danger here is the threat to the independence of a Government agency created by the Congress itself, a congressional agency, you may say.

Mr. PHILLIPS. The gentleman means the Atomic Energy Commission?

Mr. PRICE. The Atomic Energy Commission, yes. The gentleman stated that in his view it was not a Presidential directive, but I might point out to the gentleman that 3 of the 5 members of the Atomic Energy Commission testified before our committee and said they would not have given their approval to the project if it were not for the Presidential order and 3 of the 5 members of the Commission opposed the plan. They did not think the Commission had the authority to enter into such a contract, they did not think it came within the province of the Commission, but they interposed no objection, let us say because of the Presidential order.

Mr. JONAS of North Carolina. That is not the way I understand the letter from the Commissioners.

Mr. PRICE. I suggest to the gentleman that he read the testimony.

Mr. JONAS of North Carolina. I have read the testimony and I have read the letter. What they said was that it is a question of policy and that they did not feel they should get into that and that they would leave it up to the President or to the Congress.

Mr. PRICE. Every one of these three members referred to a Presidential order.

Mr. JONAS of North Carolina. Will the gentleman read the joint letter signed by Commissioner Smyth and Commissioner Zuckert?

Mr. PRICE. I read his testimony and the letter and I think I know Commissioner Smyth's feeling on the subject.

Mr. PHILLIPS. Both the gentlemen who wrote the letter referred to the question of propriety or legality of what should be done. Both of them said if the President decided that way they would be very glad to work it out.

Mr. PRICE. And that they were under compulsion because it was a Presidential directive. I know how the gentlemen felt about it.

TENNESSEE VALLEY AUTHORITY

The SPEAKER pro tempore (Mr. CANFIELD). Under special order heretofore entered, the gentleman from Tennessee [Mr. COOPER] is recognized for 30 minutes.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, it has been my privilege to address the House quite a number of times on the subject of the Tennessee Valley Authority. I spoke again on this subject at some length here in the House on February 2 of this year. At that time I endeavored to present the situation as it existed and predicted some of the things that are now happening with respect to the Tennessee Valley Authority and the policies of this administration.

I would like to again point out that 20 years ago last year the Congress created the Tennessee Valley Authority and the production of power for the use of the people was one of the major tasks asigned to this great agency of regional resource development.

TVA has been of untold benefit to the region and the Nation. Today, by Act of Congress, it has become the sole supplier of electricity in an area of 80,000 square miles. Five million people depend upon it for all of the energy they use in their homes, on their farms, and in their business enterprises. Power use is growing in this area at a great rate, and now capacity must be provided to meet the expanding demand of a more productive economy. Last year TVA requested funds to continue the construction of 34 steam and hydro units already underway and scheduled for completion before the end of 1955 and funds to begin construction of four new units to meet the increase in requirements which must be met by 1956. Two of the new units recommended are scheduled to be located at a new plant to be built at what is known as the Fulton site, 30 miles north of Memphis, Tenn., in Lauderdale County, a part of the 8th District, which I have the honor to represent. It takes 3 years to build a modern steam plant of the kind TVA plans to construct at the Fulton site. If the appropriation of $30 million for the Fulton plant had been granted, the first unit of 225,000 kilowatts would have been placed in service in the fall of 1957. As we all know, the TVA power system is operated as a whole. No plant is a captive of any individual community, but this plant is proposed for location near Memphis and in west Tennessee because the increasing requirements of that area can be most economically served if additional capacity is provided here. At peak loads west Tennessee now uses about 450,000 kilowatts of capacity. By the winter of 1956–57 it is estimated that west Tennessee loads will have grown to 700,000 kilowatts and to almost 900,000 by the winter of 1958–59. In Memphis alone electricity consumption is expected to rise to 2.5 billion kilowatt-hours by 1956. To get an idea of what this quantity means, let me point out that this figure for Memphis is 80 percent of the total amount of electricity produced during 1952 by all the utilities both privately and publicly owned in our neighboring State of Arkansas across the river from Memphis. Today the major load centers in the west Tennessee area are being served from generating plants located from 100 to 200 miles away. Power comes into our area over transmission lines from the various TVA hydro plants along the Tennessee River and from the steam plant at Johnsonville. The existing lines are inadequate to take care of the larger loads that are certain to develop in the next few years. TVA had two alternatives for meeting west Tennessee's future power requirements: One, to add to generating capacity of steam plants already under construction, then to build additional transmission lines from those distant plants to the Memphis area, or to start a new plant in the west Tennessee area, thereby reducing the transmission costs and transmission power losses. This is the method selected by the TVA engineers after a thorough study of all factors. This is the prudent, efficient way for TVA to add to the total generating capacity available on its system.

In west Tennessee the number of electrified farms has increased more than 4 times in the past 7 years, from less than 15,000 farms in 1945 to more than 63,000 farms today. About 90 percent of our farms are equipped to take electric service now. Their loads are growing. Therefore, Mr. Speaker, this information clearly shows the need for additional generating capacity for the west Tennessee area.

Now then, with respect to the question presented here as to whether it is better to provide this additional capacity through the TVA, the agency created by Congress and having the responsibility and the duty of providing electrical energy for that area or having private power companies build a new plant across the Mississippi River from the area that needs to be served, you have this ridiculous situation. Here is the area that needs the power and this proposal is to go across the Mississippi River, a mile-wide river, and build a plant and then bring the power back over there where it is needed in the first place. All of us who are familiar with the situation know that sometimes the Mississippi River when in flood stages is many miles wide.

Mr. Speaker, in the budget message of the President to the Congress this year no funds were provided for the Fulton steam plant or for any new power generating units by the TVA. I would like to invite attention to the following extracts from the President's message:

> Although no appropriations are included in the 1955 budget for new power generation units by the TVA, expenditures will increase for continuation of construction of powerplants presently underway, and for operation of powerplants after they are completed. Expenses for operation of flood control, navigation, and fertilizer facilities will continue at about the 1954 level. Expenditures for power and fertilizer operations are more than offset by the income from sales.
>
> In order to provide with appropriate operating reserves for reasonable growth in industrial, municipal and cooperative power loads in the area through the calendar year 1957, arrangements are being made to reduce, by the fall of 1957, existing commitments of the Tennessee Valley Authority to the Atomic Energy Commission by 500,000 to 600,000 kilowatts. This would release the equivalent amount of Tennessee Valley Authority generating capacity to meet increased load requirements of other consumers in the power system and at the same time eliminate the need for appropriating funds from the Treasury to finance additional generating units. In the event, however, that negotiations for furnishing these load requirements for the Atomic Energy Commission from other sources are not consummated, as contemplated, or new defense loads develop, the question of starting additional generating units by the TVA will be reconsidered.

From these statements in the President's message and other information available, it was understood that the additional power sought to be provided by the private power companies would be for the use of the Atomic Energy Commission in the operation of its facilities. Now, we find that the President, acting through the Bureau of the Budget, has ordered the AEC to enter into a contract with specified private power companies not to provide power for their use but to be supplied to the TVA for use of other customers of the TVA. This contract has been adequately described by the gentleman from California [Mr. HOLIFIELD] who is a distinguished member of the Joint Committee on Atomic Energy of the Congress and other Members who have spoken on this subject. It is certainly a most unusual contract, and the action of the President is most unfortunate.

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield briefly to the gentleman.

Mr. GATHINGS. I want to say to the gentleman that he is highly regarded in the House of Representatives. I will say that among the Democrats, he is "1," "2," "3," and always has been since I have been here.

Mr. COOPER. I appreciate the gentleman's compliment.

Mr. GATHINGS. My district is immediately across the river. Do you recall a committee was set up composed of a gentleman from Memphis and a gentleman from West Memphis, and two or three other district engineers to select a site to make a recommendation to this Congress for the building of that plant, and that the first selection they made was some 4 or 5 miles south of the city of Memphis, just across the river from where this location is here proposed in the Dixon-Yates proposition? Did you know that the first selection that was made was some 4 or 5 miles south, and then they moved up a mile or two and selected a second site or location some 2 miles south of the city of Memphis.

Mr. COOPER. Mr. Speaker, if the gentleman will permit, I would like to answer him by asking him this question: Have the Army engineers investigated and passed upon this location in West Memphis?

Mr. GATHINGS. I want to say to you——

Mr. COOPER. Well, have they?

Mr. GATHINGS. I do not know whether they have or not. Mr. W. G. Hustable, of St. Francis Levee District, served as a member. I understood that Major Allen, of Memphis, also was a member.

Mr. COOPER. Let me answer the gentleman.

Mr. GATHINGS. There was a reason for the President of the United States suggesting that private power companies build this plant. The first reason was

this—because of the fact it is not known whether atomic energy would be needed 25 years from today, and he wanted private industry to build the plant to take away some Government risk.

Mr. COOPER. I understand the gentleman's question.

Mr. GATHINGS. Should private power come in and build this plant they would have the risk.

Mr. COOPER. Mr. Speaker, when the Tennessee Valley Authority faced the responsibility of locating a new steam plant, they called upon the United States Army engineers to make an investigation. They made the investigation and selected the site at Fulton, Tenn., as the best site for the plant. That was the usual and proper way.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield briefly to the gentleman from California.

Mr. HOLIFIELD. I hope the gentleman will not yield to me too briefly as I want to bring out 1 or 2 points in the 10 minutes that he has remaining. If he is pressed for time, I will be glad to desist and obtain some time on my own.

Mr. COOPER. If the gentleman will indulge me just a few more moments, then I will be glad to yield to him.

Mr. Speaker, I want to emphasize one point that I think deserves considerable merit. The people of the Tennessee Valley area have invested roughly about half as much money to the TVA power system as the Federal Government has. Roughly, the Federal Government has invested about $800 million in the power system of the TVA area, and the people of that area have invested roughly about $400,000 of money in the power system of the TVA. Our people have a very vital interest in this matter and they are deeply concerned about this contract, as they should be.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. The gentleman will recall that in the President's budget message transmitted to the Congress he stated that TVA would be relieved of furnishing the Atomic Energy Commission 600,000 kilowatts capacity, and therefore the TVA would not need the Fulton steam plant. Is that the situation which the President was correcting by this contract?

Mr. COOPER. I appreciate the gentleman's comment.

Mr. Speaker, there has been considerable editorial and newspaper comment on this proposed contract, and most of it that I have seen has been very critical of the position taken by the administration. I would especially like to invite attention to 3 recent editorials appearing in Memphis, Tenn., newspapers; 2 in the Commercial Appeal, under dates of July 2 and July 7, 1954; and 1 in the Press-Scimitar, July 6, 1954. I include those editorials in my remarks at this point:

[From the Memphis Commercial Appeal of July 2, 1954]

THE FACTS OF POWER COST

President Eisenhower has told newspapermen he is trying to learn the facts of the cost of the West Memphis steam plant proposal.

It would be better if the President had learned more about the facts before he instructed the Atomic Energy Commission to sign such a costly contract that 3 of the 5 members of AEC have objected publicly. But now that the uproar about this contract has resulted in the President undertaking to study it, we hope he gets down to the fundamental facts.

It seems to us likely that this will be the first study of the proposal. We think it probable that the West Memphis deal was recommended by Assistant President Sherman Adams and that the President simply accepted his staff advice.

We doubt, for instance, that the President noticed that the AEC worksheets comparing costs of power from the Tennessee Valley Authority and from the proposed West Memphis plant seem to reflect 9 percent earnings for the Middle South Utilities equity in the plant.

In order to attract investments of risk capital, 9 percent and more is frequently paid. But in this case the element of risk all but disappears with a market for full production of the West Memphis plant waiting and the United States Treasury as the power buyer.

Other money for this plant would come from the bond market at substantially less than 9 percent.

We also doubt if the President has noticed on the AEC worksheets that after taking out the widely discussed tax advantage of TVA this West Memphis power would still be more expensive. TVA has an advantage in absence of Federal taxes, and the private power lobby would like to have the Government tax itself in order to force upward the price of TVA electricity. But even if the Treasury sends money on a silly circuit to AEC for the West Memphis plant and back to the Treasury as taxes the remaining cost of private power is higher.

Overall, including the tax plan, the AEC experts are on the record with an estimate of $92 million of unnecessary expense in private power compared to TVA power.

We suggest that the Eisenhower study also include TVA finances for the year that ended this week. He will find that Treasury financing of TVA power resulted during the 12 months in $20 million being sent to the Treasury, in addition to $10 million for retirement of TVA bonds.

The President is doubtful about location of the plant TVA planned to meet the same need as the private power plan for West Memphis. TVA has chosen a site at Fulton, Tenn., on the extreme edge of the TVA region. This is an item on which TVA would do well to yield. A location inside the Tennessee River watershed would be more in keeping with the TVA design.

There must be other interesting items in this Middle South Utilities proposal. We hope the President studies them thoroughly, and we suggest that his study include asking the advice of someone who knows publicly owned power better and more favorably than Assistant Adams, whose life has been spent in high-priced, private-power New England.

[From the Memphis Commercial Appeal of July 7, 1954]

A SECOND FRONT FOR TVA

Whatever the outcome of efforts to give, and we do mean give, private power a plant at West Memphis and a slice of the market the Tennessee Valley has been serving, another front in the war on TVA is ready.

The Atomic Energy Commission needs another 130,000 kilowatts of electricity at Oak Ridge. President Eisenhower has ordered TVA to provide it. This is beyond the anticipated AEC need for power, for which TVA is already expanding its generating plants.

Nothing has been changed in the budget to finance still greater expansion of generating plants or the starting of a new plant.

Another situation in which TVA will be instructed to buy private power is in the making. It is so close that Senator ALBERT GORE says a private power company in Virginia has already submitted a proposal for building a new plant near Kingsport, Tenn., which is only a few miles south of the Virginia border.

This would build private power in the Tennessee River Valley itself. For many miles in any direction from Kingsport the rivers are tributaries of the Tennessee.

In the original AEC diversion of TVA's market to private power, at the northwestern corner of the TVA area, the plant was built across the Ohio River from the TVA sales region. The West Memphis proposal for more of the same at the southwestern corner would place a plant across the Mississippi River from the TVA sales region.

At the northeastern corner, in a slot of private power country, extending between two prongs of TVA sales territory in Virginia, the besieging forces attacking TVA would build a stronghold in the very watershed of the Tennessee River.

So far we have heard nothing about private power plans to use AEC for the siege at the southeastern corner of TVA's market, but we consider it unlikely that private power has overlooked this corner.

In both Houses of Congress there is an uproar about this West Memphis plan to force the AEC to become a broker of electric power. The business of the AEC is creation of atomic weapons, a gigantic task of primary importance. The administration is requiring it to take up the additional and expensive task of intervention in the TVA-private power war. As Senator ESTES KEFAUVER has said, "This is about the same as directing the United States Wildlife Service to run a brewery."

Three of the five members of the AEC would rather stay at the atomic work than take up the private power fight.

There is some doubt about whether either AEC or TVA has the authority to make the West Memphis deal. Without waiting to see what Congress or the AEC or TVA does about West Memphis, the many advocates of TVA might as well realize another battle is brewing at the far corner of TVA's map.

[From the Memphis Press-Scimitar of July 6, 1954]

PEDDLING PRIVATE POWER IS NO JOB FOR THE AEC

The United States Atomic Energy Commission, whose sole job should be to maintain American atomic superiority for the safety of the free world, has been ordered into a ridiculous, costly sideline for the next 25 years.

It has been directed, over its own protest, to contract with private utility companies for a large amount of electric power to be delivered to the Tennessee Valley Authority—200 miles and more away from the closest AEC facility.

President Eisenhower issued the order. Presumably it was to prove what needs no proving: that this administration looks favorably upon private enterprise.

The President has directed that this unnecessary, dangerous and expensive gesture of friendliness to the private power industry shall be accomplished by AEC's signing a contract with Middle South Utilities, Inc., and the Southern Co. These two companies would form a third company to build a big new steam-electric generating plant at West Memphis, Ark., just across the Mississippi from Memphis, Tenn.

AEC told the Budget Bureau "the Commission did not agree on the wisdom of AEC entering into this type of contract." Three of the five atomic commissioners opposed

it. Among this majority was the outstanding exponent of private enterprise in the AEC, Commissioner Thomas E. Murray, of New York.

Although called an "independent office" of the Government, AEC passed the buck on the final decision to the White House. The President, through his Budget Bureau, decided in favor of the contract.

If this was a delegated decision by Mr. Eisenhower, then some subordinate has put him in an absurd position. If he acted with all the facts before his eyes, then he misinterpreted the facts.

He ordered the contract despite the fact that Budget Bureau and AEC figures showed power from the private combine would cost the Government at least $3,685,000 more a year than power bought from TVA at Paducah, Ky. The chief difference was in the fact that TVA paid no taxes while the private company did, and TVA got its money at a cheaper interest rate than the private company. So, Mr. Eisenhower ordered AEC to pay all the private company's taxes; and the contract, if signed, would constitute a Government guarantee of the $100 million in 3.5 percent bonds the private company would issue to finance the plant.

The President's decision means that over the minimum period of the contract, the minimum excess cost to the Government of this power from this private source would be $92,125,000.

The basic fault of this proposed contract is that it forces the Atomic Commission into a field where it has no business being. TVA needs more power at Memphis, not the AEC. But AEC is being used as a reluctant power broker.

The next major fault lies in the waste of more than $92 million of Federal funds over the next 25 years. At the end of that time, the private powerplant, completely paid for with United States tax dollars, will remain the property of the private companies.

The proposed contract would set a precedent which might be used in later years to make AEC a power broker anywhere in the country.

It would mean construction of a big powerplant on a made-land site that could be flooded by the Mississippi River. And the plant may loose ashes, smoke, and sulfur on the clean city of Memphis.

It would commit the AEC, not the TVA (although TVA gets the power), to pay all the local, State, and Federal taxes of the company that builds and operates the West Memphis plant. This tax bill would make up the bulk of the $92 million excess cost.

AEC has authority to buy power it needs. It should not be forced to prostitute this authority to buy power for TVA.

If TVA is subsidized by the Government, as some claim, then what better beneficiary of this subsidy than our own atomic plants?

If it is decided that TVA shall get no more appropriations from the Treasury to build additional generating plants, then let AEC and TVA each fulfill its own power needs from private power sources at the cheapest possible rate.

The General Accounting Office has suggested that AEC's power needs be met by a contract let on an advertised low-bid basis.

That sounds reasonable to us.

Mr. Speaker, there has been considerable comment and discussion of this question. The effort was made yesterday by a release made by the Bureau of the Budget to give some excuses for this very unusual type of contract, but that did not touch, neither did my distinguished friend the able gentleman from California, or the distinguished gentleman from North Carolina, in their comments, touch the main point. The main point here is that it would be especially unfortunate for the Atomic Energy Commission to have placed upon it the responsibility of providing electric power, when it is well known that it was not created for any such purpose.

The Atomic Energy Commission has no more business providing power for Memphis than for Chicago, New York, Boston, or any other city in the United States. The Atomic Energy Commission has no business buying any power from anybody that it does not need to operate its own facilities under the authority conferred by act of Congress.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. EVINS. First of all, I commend the gentleman, but I want to say that there has been considerable comment here about the possibility of other power companies being able to compete. Is it not a fact that this order was so drawn, the specifications were so worded, as to eliminate any possibility of competition, that it fit only one private power company? In other words, it was a tailor-made contract.

Mr. COOPER. That is the criticism that has been made, and I think there is considerable justification for it.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MURRAY. Does not the gentleman agree with me that the private-power companies have been jealous of TVA ever since it was authorized by Congress, and that the private-power companies are eager to destroy the electric-power yardstick to TVA? And does not the gentleman think that the President by his directive is using the Atomic Energy Commission as a pliant tool or instrumentality or stooge to try to weaken and impair TVA? I ask the gentleman if he does not think further that this directive or order of the President is playing directly into the hands of selfish, greedy, private-power groups who are trying to destroy TVA today?

Mr. COOPER. I think the gentleman is correct about it, and I just wanted to point out one other thing to my good friend the distinguished gentleman from California [Mr. PHILLIPS], and also to the distinguished gentleman from North Carolina. Both have protested a number of times: "We do not want to hurt TVA; we just do not want to hurt TVA."

You know, it reminds me of the old, old story of somebody just wanting to love you to death. We do not like that kind of affection down in our part of the country where we have a $400 million investment in this TVA system that was provided by law. It has continued to operate under the law. The gentleman from California talks about it being a monopoly. The TVA was created by law and has operated under the law of the land. It is the law of the United States that controls the operation of the TVA system.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Mr. PRICE. I think the gentleman from Tennessee in his remarks just a moment ago brought out the real issue involved, and that is the independence of the Atomic Energy Commission and the remote responsibility that is being placed on it by this Presidential directive. That is the position taken by 3 of the 5 members of the Commission itself. They felt they were being directed into a remote responsibility that they should not be involved in; they felt it was something that the Commission was not capable of exercising.

Mr. COOPER. Does the gentleman from Illinois, who is a most distinguished member of the Joint Committee on Atomic Energy, agree with me in the statement I made that the Atomic Energy Commission has no more business providing power for Memphis than it does for New York, Chicago, Boston, or any other city of this country?

Mr. PRICE. Not only does the gentleman from Illinois agree with you but I think I can say without fear of successful contradiction that 3 of the 5 members of the Atomic Energy Commission agree with the gentleman.

Mr. COOPER. It is entirely outside of the scope of their activity and it never was contemplated by the Congress at the time the act was passed creating the Atomic Energy Commission that it would be used in any such manner as is proposed under this contract.

Mr. PRICE. The gentleman is absolutely correct.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Tennessee.

Mr. EVINS. Certain gentlemen shed crocodile tears for the taxpayers of the Nation, but here is an example of where the taxpayers of the Nation will be robbed to the extent of $92 million under the testimony of the AEC and $135 million in excessive power cost according to the testimony of the TVA. I just wonder sometimes why they shed crocodile tears for the taxpayers of the Nation. Is it not also a fact that these gentlemen who tried to break the TVA yardstick, under which power is being brought to consumers not only in the TVA area but in other areas, must be aware that information before the Appropriations Committee, the Atomic Energy Commission and other places where the question has been discussed shows that the private power companies on the perimeter of the TVA have made tremendous profits over the years in that area?

Mr. COOPER. The gentleman is correct.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In addition to the argument advanced by the gentleman from Tennessee, may I say that there is another basic issue involved? The Atomic Energy Commission was created as the result of an act of Congress. There is the organic law not only establishing the commission but providing for the field in which it will operate and with directions from the Congress. The TVA is similarly established by the Congress. The concern to me is the fact that the members of the Atomic

Energy Commission are ordered to do something that their judgment might not prompt them to do and whether or not they violate their oath of office in accordance with the provisions of the organic law relating to the AEC. That is dictation which, if it were by a Democratic President, would result in his being called a dictator.

Mr. COOPER. I thank the gentleman.

SPECIAL ORDER GRANTED

Mr. HOLIFIELD asked and was given permission to address the House for 40 minutes today, following the special orders heretofore entered.

SPECIAL ORDER

The SPEAKER pro tempore. Under special order heretofore entered, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 20 minutes.

Mrs. ROGERS of Massachusetts. I would be very glad to have the gentleman from Georgia [Mr. BROWN] address the House first if he cares to. I have a long-distance call and I have two special orders, one before the gentleman speaks and one afterward. I will be glad to have him proceed for 10 minutes.

The SPEAKER pro tempore. Without objection the transfer will be made.

There was no objection.

EXTENSION OF SPECIAL ORDER PREVIOUSLY GRANTED

Mr. JONAS of North Carolina. Mr. Speaker, I have a special order for tomorrow afternoon of 30 minutes. I ask unanimous consent that that be extended to 1 hour. Considering the debate we have had today I intend to yield to anyone who may ask me to yield and I think I will need an hour instead of 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXPORT-IMPORT BANK

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Georgia [Mr. BROWN] is recognized for 15 minutes.

Mr. BROWN of Georgia. Mr. Speaker, I am vitally interested in legislation to reorganize and revitalize the lending activities of the Export-Import Bank. It is an unfortunate fact that the bank has not been active in making loans during the past year. Appropriate legislation is needed to correct this situation.

Last Thursday the Senate approved a bill to return the Export-Import Bank to independent status, restore the bank to National Advisory Council membership, reestablish its Board of Directors, and increase its lending authority by $500 million. This leaves the matter squarely up to us in the House of Representatives. I have joined the chairman of the House Banking and Currency Committee [Mr. WOLCOTT] and the ranking Democratic member [Mr. SPENCE] in introducing similar legislation in the House. We hope to hold hearings in the very near future and to bring a bill before the House for action before this session is over.

The critical curtailment of Export-Import Bank loans in the last year has occurred when just the opposite should have taken place. At a time when we are seeking ways and means of reducing expenditures for foreign economic aid, the Export-Import Bank should be playing a major role in the extension of credits to encourage economic development.

World economic conditions have improved substantially in the last few years and I think it is reasonable to conclude that most foreign countries are in a position to stand on their own feet if adequate foreign investment is forthcoming. Foreign investment in the underdeveloped areas is vital to long-run economic development and a better utilization of resources. The Export-Import Bank is an institution with an enviable record of success in this field.

Not only have the Export-Import Bank projects throughout the world contributed to economic development and higher standards of living; these bank loans have also provided markets for United States products. Stepped-up lending activity at this time should reduce the need for direct grants and aid, and should increase markets so desperately needed by United States producers.

I think that we can all agree that greater emphasis should be placed on sound projects to aid the economic development of underdeveloped areas. Such programs, if directed toward increasing the purchasing power of the peoples of these areas and bringing about an expansion of foreign trade, offer a real opportunity in the long run of increasing the exports of our own agricultural and industrial commodities. At the same time, they will contribute to a general strengthening of the economies of the free nations.

There is one thing we should keep in mind about these development programs. The benefits accruing from the development of the world's underdeveloped resources—greater purchasing power, increased consumption, and expansion of trade—are in the long run cumulative. Benefits to the United States will grow progressively.

The Export-Import Bank has not been as active as it might be in the field of providing credit to American importers who have not been able to obtain adequate credit at reasonable rates for financing the importation of goods. Assistance in this field may be just as important in encouraging a high level of international trade as the making of foreign loans, which would directly provide the dollars for financing United States exports.

Although the bank has done a good job of promoting our foreign trade in the past, it is apparent that we have not made the fullest possible use of the resources available to this great institution. The bank today has $1.3 billion in unused lending authority. The legislation we are considering provides the bank with additional lending authority of $500 million. This increased authority should clearly indicate to bank officials and the National Advisory Council, as well as to the country's leading businessmen, that it is the will and the intent of Congress that the Export-Import Bank become more active in utilizing its resources fully in providing needed capital for investments abroad.

In regard to the determination of bank policy, it seems to me that it would be highly desirable to make the Secretary of Agriculture a member of the National Advisory Council on International Monetary and Financial Problems. The Secretary of Agriculture could make a valuable contribution in guiding, establishing, and coordinating our international financial policy.

There is no question but what the Secretary of Agriculture could provide valuable assistance in formulating policy governing the bank in making loans to finance the exportation of agricultural commodities. For instance, there is a general feeling that the Government should be more aggressive in seeking ways to expand cotton exports through the extension of special credits.

Commodity loans have been an important segment of the Export-Import Bank's operations. The bank has performed an important service in establishing credits to facilitate exports of cotton over the years. In total, more than $600 million have been authorized for this purpose. These loans have been most successful from a banking standpoint, and losses have been negligible. Our agricultural exports are of such great importance, and of such extreme interest to the Department of Agriculture, that the Secretary should assist in formulating policy governing these transactions.

There is another reason why the Secretary of Agriculture should be on the National Advisory Council. Many of the development loans made by the Export-Import Bank and the International Bank for Reconstruction and Development are either in the field of agriculture or closely related to agriculture. It is my feeling, and I am sure many others will agree with me, that the Secretary of Agriculture's judgment and experience would be of great help in determining Export-Import Bank policy, as well as in coordinating policy with the International Bank on financing numerous agricultural development programs that must be considered from time to time. The experience and views of the Secretary of Agriculture, who is closest to this problem, should be of tremendous value to the National Advisory Council in formulating international financial policy.

An amendment will be offered to the proposed legislation to add the Secretary of Agriculture to the National Advisory Council, along with the Secretaries of the Treasury, State, and Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Administrator of the Foreign Operations Administration, and the president of the Export-Import Bank.

I will support this amendment, and I urge those of you who are interested in shaping our policies to bring about a healthy and expanding foreign trade to give the matter serious consideration.

I am confident we can act upon this legislation before adjournment. A vigorous Export-Import Bank, capable of acting to strengthen the economic position of our friends, is an integral part of a sound foreign economic policy. Congress has the obligation to make sure that the bank is equipped with the tools necessary to carry out its responsibilities.

INCREASE IN DISABILITY COMPENSATION PAYMENTS

The SPEAKER pro tempore. Under the transfer of time of the special orders, the gentlewoman from Massachusetts [Mrs. ROGERS] is now recognized for 20 minutes. We have reached the point in the special orders where the gentlewoman from Massachusetts has another special order for 20 minutes. Therefore, the Chair recognizes the gentlewoman for 40 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I should like to announce to the House again that on Wednesday the petition of the gentleman from New York [Mr. RADWAN] will be on the desk for Members to sign. When 218 signatures are secured, that petition will force action on H. R. 9020 which is a very modest bill giving a 10-percent increase across the board for service-connected cases and certain amounts for non-service-connected cases.

Mr. Speaker, although we have repeatedly asked verbally and by letter for a hearing before the Committee on Rules, to date we have not been granted that courtesy. We have been promised a rule by two influential persons, but to date we have not been even granted a hearing. I am sure the gentleman from New York [Mr. RADWAN] did not want to put a petition on the desk, but thank heavens, we have the right to petition. It seems we will have to use that right in order to get our legislation. It is a very modest bill—it will only cost $231 million. Why should our veterans' legislation be left until the last possible moment? It is beyond my comprehension. The servicemen and women are the first in the trenches when we declare war. We have had legislation—piece after piece after piece of legislation from the Committee on Armed Services and appropriations to give the men the implements of war with which to kill the enemy and to protect themselves and the country, but nothing—practically nothing has been passed this year for the veterans who are injured in the service of their country, the men who have borne the heat of the day and the fire and the slaughter and the agony and the mental anguish and all that goes with it. How can you expect any veteran to want to win this war today?

Mr. EVINS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I am very glad to yield to the distinguished gentleman from Tennessee, a very active member of the committee, and a ranking minority member of the committee.

Mr. EVINS. I wish to commend the gentlewoman from Massachusetts [Mrs. ROGERS], the chairman of my committee, for the very fine statement which she has just made, and to assure her that I am certainly in agreement with her statement. I certainly want to associate myself with the distinguished chairman of the Committee on Veterans' Affairs in this matter as I have in many times past in connection with legislation for the benefit of the veterans of the Nation. As the gentlewoman knows, the subcommittee on compensation and pensions held hearings for a number of weeks on the overall question of the need for an increase in compensation for the disabled veterans of the Nation. The Committee on Veterans' Affairs heard representatives of veterans' organizations and many others, and reported to the full committee a bill to increase and more nearly equalize the compensation benefits for all veterans of the Nation presently receiving compensation not just for one war but for all the wars in which this Nation has participated, and to recodify more or less the compensation benefit laws for the veterans, their widows, and dependents. After extensive executive sessions in which the bill was read very carefully, and after many amendments were offered and some adopted and some rejected, the Committee on Veterans' Affairs unanimously passed and reported this bill, which we feel is a very good "one package" veterans' compensation bill. And yet, notwithstanding this consideration and action further consideration of the measure has been held up and no action has been taken to report it by the Rules Committee to the House. I shall certainly join with my chairman in signing the discharge petition when it is placed on the Speaker's desk if this action is necessary to bring the bill to the floor for passage.

Mrs. ROGERS of Massachusetts. The gentleman is always very helpful. I know the gentleman remembers that the bill was cut from $289 million to $231 million—not that the members wanted to cut it, but they felt that to secure the quick passage of the bill at this late date that would be the wiser thing to do.

Mr. EVINS. The amount of authorization in this bill is very modest when we consider the past appropriation bills which have been provided for the veterans of this Nation. Appropriations for all veterans' programs and benefits, at one time, totaled about $9 billion and now they have been cut down to about $3.8 billion for the next year, I believe. So there has been a substantial and drastic cut in veterans' compensation benefits over the past several years—the authorization contained in the pending bill is modest by many comparisons.

Mrs. ROGERS of Massachusetts. And the amount is a drop in the bucket compared to the amount we give to foreign countries. I voted for that somewhat unwillingly, but I was willing to take a chance, if anything could be done to stop the fighting. I wanted to do that, if it could be done. But I do not see how anybody in the Congress can say we are willing to appropriate $3 billion for other countries and not appropriate money for our own veterans. I know what the verdict will be. There are 22 million veterans today in the country. I believe the figure is over 22 million. Approximately 5 million of those veterans are represented by service organizations who work tremendously hard to secure the passage of veterans' legislation and protect the veterans' interests. I think it would be helpful if more veterans joined those organizations, but as the gentleman knows there are many veterans who do not join any organization. They are very vocal about this bill. Also, I would like to speak for the mothers of the men who are going into the service, or who are in the service now—they have come to me in great numbers and have written to me besides personally, and begged us to keep on taking care of the veterans. They know that it would ease their load a little bit if they felt that their sons and their husbands and fathers were cared for.

Mr. EVINS. Mr. Speaker, will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I yield.

Mr. EVINS. I thank my chairman for her indulgence. I merely want to state further that one of the principal objectives of the veterans' organizations and the veterans of this Nation, in the way of legislation from this session of Congress, is a reasonable cost-of-living increase. That is the bill we have reported. But no action has been taken on it on the floor.

Mrs. ROGERS of Massachusetts. Yes, and I know that our subcommittee spent hours and hours and hours working for this in an effort to try not to have it cost too much, and they felt we might secure earlier passage of the bill in that way.

I was interested the other day when the wife of a veteran came to me and said, "Please do everything you can on the committee to keep our interest in the veterans."

Mr. MACK of Washington. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the distinguished gentleman who is chairman of the Subcommittee on Spanish-American War Veterans.

Mr. MACK of Washington. I would like to associate myself with the gentleman from Tennessee [Mr. EVINS] in complimenting the gentlewoman from Massachusetts on the excellent and clear and convincing statement which she has made. It was my good fortune as chairman of the Spanish-American War Veterans' Committee to hold hearings for over 2 days on the problems of the Spanish-American War widows and veterans' dependents.

Mrs. ROGERS of Massachusetts. You held numerous hearings last year on the same subject, did you not?

Mr. MACK of Washington. Yes; both last year and this year. We have recommended that the pension be increased from $51.60 to $58, which is an increase of only about 12 percent and is in keeping with the increased cost of living which has occurred since the last increase. There are a limited number of these Spanish-American War widows, and they are in most cases over 70 years of age. Fifty-eight dollars a month which they receive is not too liberal to provide for any extravagant living.

Mrs. ROGERS of Massachusetts. It would hardly provide for the bare necessities of life.

Mr. MACK of Washington. That is right. I do hope the Rules Committee

will give a rule on this bill and allow it to be discussed on the floor of the House.

Mrs. ROGERS of Massachusetts. It is the most amazing disregard of a committee that I have ever known. I have been in Washington for 40 years, and in the Congress over 30 years. I have never known anything quite like it before, and I hope I never have to experience it again.

Mr. MACK of Washington. I thank the gentlewoman for yielding to me.

Mrs. ROGERS of Massachusetts. I thank the gentleman for his exhaustive hearings and his fine ability in his fight for the Spanish-American War veterans and their widows. You also have a bill for the Moro veterans, do you not?

Mr. MACK of Washington. We have. That was passed once by the House of Representatives and once by the Senate and vetoed by the President. Another time it was passed by the House. It has been reported out of the Veterans' Affairs Committee unanimously four times, but it has never been enacted. It is a similar action to the Korean action, where it was a police action rather than a war, but those men are entitled to this pension. There are very, very few of them.

Mrs. ROGERS of Massachusetts. There was not a dissenting vote against the bill. It has been gathering dust in the Rules Committee.

Mr. MACK of Washington. That is correct.

Mr. SPRINGER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I gladly yield to the chairman of the Subcommittee on Education and Training.

Mr. SPRINGER. There is a small raise in this for World War II widows as well, but there has been a lot of correspondence with my office with reference to putting World War I widows under the same provision as the Spanish-American War widows. However, I believe the committee did give this rather modest raise from $48 to $54 per month, which I believe everyone will admit is about as small a raise as could be given. In other words, these raises that have been given are more or less in keeping with the rise in cost of living and have not in any instance that I know of been, or would be, termed liberal or exorbitant.

Mrs. ROGERS of Massachusetts. I would say they are picayunish. They are small, but we thought it best not to make it too high.

Mr. SPRINGER. I think that is true. I think the committee tried in every way it could to come out with a bill which could not be criticized as being an extravagant measure, but we did feel that based upon the increase in the cost of living those widows were entitled to at least this very modest raise.

Mrs. ROGERS of Massachusetts. They were given to World War II widows. Only the Spanish-American War widows were getting more before. It seems to me rather hard not to give them more, but I know that the House does not want the Committee on Veterans' Affairs to liquidate the veterans.

We were not created to liquidate; we were created to see how we could help them. The membership on our committee is divided 14 to 14 between the 2 parties; it is a nonpartisan committee, and we work that way, and as chairman I express my appreciation to the members of the committee for their fine cooperation often to the extent of putting aside their own wishes. It has been a very satisfying experience.

Mr. MACK of Washington. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Washington.

Mr. MACK of Washington. The provision would increase the pension rate of World War I and World War II from $48 to $54 a month, or an increase of $6 a month. For the Spanish-American War veterans the increase is from $51.60 to $58, about the same amount in dollars.

Mrs. ROGERS of Massachusetts. I would like to say to the gentleman from Illinois that he has a constructive fine bill, providing for the continuation of educational opportunities for the Korean war veterans and also for the veterans of World War II who because of confinement in hospitals have not been able to avail themselves of the training program.

Mr. SPRINGER. If the gentlewoman will yield, may I say, without revealing the sources of the information, that it has come to me that it is quite possible the administration will look with more favor upon these two bills than has been indicated previously. At least it seems to me there may be encouraging signs ahead of us on these two pieces of legislation.

Mrs. ROGERS of Massachusetts. I think that the administration—in fact, I know—the administration is pledged to that and also for help to widows and orphans.

I would like to say to the membership that I feel very sure, judging by the 80th Congress, that there are many bills that we have reported out of the Committee on Veterans Affairs that the Senate would have been glad to pass first and then send them to the House. It is rather humiliating that this House cannot start them.

I would like to thank the members of the committee again. I see the very fine Member from Kentucky [Mr. NATCHER] who has not missed a single hearing and has been very cooperative.

Mr. Speaker, I ask unanimous consent to include a description of the rates of compensation fixed under H. R. 9020.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

(The matter referred to follows:)

COMMITTEE ON VETERANS' AFFAIRS,
HOUSE OF REPRESENTATIVES,
EDITH NOURSE ROGERS, *Chairman.*

INCREASED RATES OF COMPENSATION AND PENSION, H. R. 9020

Title: To provide increases in the monthly rates of compensation and pension payable to certain veterans and their dependents.

Mr. RADWIN. Introduced and referred May 5, 1954.

Analysis: Provides the increases in service-connected compensation and non-service-connected pension as indicated in the tables which follow:

Veterans' compensation—All wars

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	H. R. 9020	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	H. R. 9020
(*a*) 10 percent disability	$15.75	$17	$12.60	$14.00
(*b*) 20 percent disability	31.50	35	25.20	28.00
(*c*) 30 percent disability	47.25	52	37.80	42.00
(*d*) 40 percent disability	63.00	69	50.40	55.00
(*e*) 50 percent disability	86.25	95	69.00	76.00
(*f*) 60 percent disability	103.50	114	82.80	91.00
(*g*) 70 percent disability	120.75	133	96.60	106.00
(*h*) 80 percent disability	138.00	152	110.40	122.00
(*i*) 90 percent disability	155.25	171	124.20	137.00
(*j*) Total disability	172.50	190	138.00	152.00
(*k*) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (*a*) to (*j*) increased monthly by	47.00	47	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (*l*) to (*n*), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47	[2] 37.60	[2] 37.60
(*l*) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	293	212.80	234.00
(*m*) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	344	250.40	275.00
(*n*) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	388	282.40	310.00
(*o*) Suffered disability under conditions which would entitle him to 2 or more rates in (*l*) to (*n*), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	440	320.00	352.00
(*p*) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	440	320.00	352.00
(*q*) Minimum rate for arrested tuberculosis	67.00	67	53.60	53.60

[1] But in no event to exceed $440.
[2] But in no event to exceed $352.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $35 to $40 each.

Veterans' pension

INDIAN WARS

	Law	H.R. 9020
30 days or more service or through campaign in connection with or in zone of active Indian hostilities—rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135

CIVIL WAR

90 days or more service or discharge for disability incurred in line of duty:		
Rate	$96.75	$100
Aid and attendance	129.00	135

SPANISH-AMERICAN WAR, PHILIPPINE INSURRECTION, AND BOXER REBELLION

(Service pension laws in effect Mar. 19, 1933, reenacted by Public Law 269, 74th Cong., Aug. 13, 1935, as modified or amended)

90 days or more service or discharge for disability incurred in line of duty—rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135
70 days or more service but less than 90 days—rates:		
⅓o disability or more	64.50	68
Age 62 or over	64.50	68
Aid and attendance	83.85	87

WORLD WAR I, WORLD WAR II, AND SERVICE ON OR AFTER JUNE 27, 1950

90 days or more service or discharge for disability incurred in line of duty. In active service before cessation of hostilities—rates:		
Permanent and total	$63	$68
Rated permanent and total for continuous period of 10 years or reaches age 65 years	75	80
Aid and attendance	129	135

Dependent's pension

For non-service-connected deaths	Widow		Widow age 70		If widow was wife of veteran during service		Widow, 1 child	
	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020
Service on or after June 27, 1950, World War II, World War I	$48.00	$54					$60.00	$67.50
Spanish-American War, Philippine Insurrection, Boxer Rebellion:								
Act of May 1, 1926, as amended	51.60	58			$64.50	$71	59.34 / 72.24	66.00 / 79.00
Sec. 1, Public Law 144, 78th Cong., July 13, 1943								
Civil War, Indian wars	38.70	58	$51.60	$58	64.50	71	46.44 / 59.34 / 72.24	66.00 / 79.00
Mexican War	50.00	58						

For non-service-connected deaths	Each additional child		No widow, 1 child		No widow, 2 children		No widow, 3 children		Each additional child	
	Law	H.R. 9020	Law	H.R. 9020	Law	H.R. 9020	Law	H. R. 9020	Law	H.R. 9020
Service on or after June 27, 1950, World War II, World War I	$7.20	$8	$26.00	$29	$39.00	$44	$52.00	$58.50	$7.20	$8
Spanish-American War, Philippine Insurrection, Boxer Rebellion:										
Act of May 1, 1926, as amended	7.74	8	59.34	66	67.08	74	74.82	82.00	7.74	8
Sec. 1, Public Law 144, 78th Cong., July 13, 1943			26.00	29	39.00	44	52.00	58.50	7.20	8
Civil War, Indian wars	7.74	8	46.44	66	54.18	74	61.92	82.00	7.74	8
Mexican War										

Cost: First year, $231,722,000.

Reported: May 28, 1954; House Report 1685.

Mr. NATCHER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. NATCHER. I would like to commend my chairman at this time on the splendid statement she has made and to say to her that I want to aline myself with the position that she has taken in this matter, and further to state that if it becomes necessary I shall be glad to sign a petition to discharge H. R. 9020.

Mrs. ROGERS of Massachusetts. Frankly I know there are members of the committee who have never signed a discharge petition, but I do not believe any member of the committee would be willing to go home and face the people at home without signing such a discharge petition. I doubt if there is any Member of Congress who would want to go home to his people—I know I would not want to go home and face my people and say that we were willing to do nothing for veterans or even to go before the Rules Committee. I thank the gentleman. He has been very cooperative.

Again I say, Mr. Speaker, this has been a very fine committee to work with and I have enjoyed it. But it is the members themselves who have done the work.

THE DIXON-YATES CONTRACT

The SPEAKER pro tempore (Mr. CANFIELD). Under the previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 40 minutes.

Mr. HOLIFIELD. Mr. Speaker, I had not expected to talk on this subject again because I felt that my two speeches in the RECORD of July 6 and July 7 pretty well covered the Dixon-Yates contract, the Bureau of the Budget letter from Mr. Hughes to Mr. Strauss, and other points which I think have been adequately explained and which have not been refuted by any of the gentlemen who have followed me.

I do, however, want to say this: I have in my hand the remarks of the gentleman from North Carolina [Mr. JONAS]. I have not had a chance to look at them. I note that he has placed in the RECORD a detailed analysis of the Middle South-Southern proposal. That is the proposal which has been presented to our committee and it is the proposal which should be referred to in our debate.

It does show a total of $3,685,000 more per annum cost to the United States Government than if they had purchased the same amount of power from the proposed Fulton plant of the TVA.

At this point I want to call attention to the fact that the gentleman from Arkansas [Mr. GATHINGS] placed in the RECORD of July 6 a table which was evidently supplied to him by the Bureau of the Budget. This table is an obsolete table, it is a discredited table. The proper table which I will submit for the RECORD at this point is found on pages 1026 and 1027 of the hearings. It was presented to the Joint Committee on Atomic Energy by Mr. Wessenauer, of the TVA, in our hearings. It was testified to by General Nichols, General Manager of the Atomic Energy Commission, that the Bureau of the Budget and the Atomic Energy Commission, with the assistance of Mr. Francis Adams, of the Federal Power Commission, had agreed upon the figures contained in this table. It was presented to us on February 17, and it is known as table 2. It is a comparison of the Dixon-Yates offer for the new plant at West Memphis, Ark., and the TVA offer for the same type plant to be built at Fulton or at Fulton and Johnsonville.

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Arkansas.

Mr. GATHINGS. I was present at the time that material was placed in the RECORD on the Senate side when the joint committee met. The gentleman is stating it like it is.

Mr. HOLIFIELD. I thank the gentleman.

Mr. GATHINGS. I want to say to the gentleman that the figures I placed in the RECORD were not antiquated at all, because here is a slip showing the date of June 30, 1954, that these figures were supplied to me.

Mr. HOLIFIELD. I do not know about the gentleman's slip nor what it purported to be. It may very well be that they were furnished to him by the Bureau of the Budget because they are squirming and they are trying to justify their position, but I say to the gentleman that the figures he has are not pertinent, they are not the acknowledged official figures and the amount I have given from the official figures found on pages 1026 and 1027, part 2 of the hearings of the joint committee is the accurate figure.

Mr. GATHINGS. That was the bare bone price to furnish this power with its

own plant, without having to pay interest or taxes. They are the bare bone figures but take into consideration the actual figures that TVA is charging AEC after all taxes have been paid.

Mr. HOLIFIELD. I am not going to enter into a controversy with the gentleman on that point. That is not the point in issue. The point in issue is whether the powerplant in the area to be served will be more economical to the taxpayers by being built by the TVA at Fulton or by the Dixon-Yates plant to be built at West Memphis. That is the point at issue.

Mr. GATHINGS. I put in the RECORD in the remarks I made the other day that it resulted in a saving to the Government after you took into consideration the amount of money the Government of the United States would have to throw into these various districts because of the school impacted problems that would exist, for one thing.

Mr. HOLIFIELD. The gentleman's statement will stand for itself, and I refuse, Mr. Speaker, to yield further at this time. However, I will yield later to the gentleman.

Now, in Mr. JONAS' statement there is a sheet of figures which is noted as attachment 1, a comparison of actual cost to Federal Government for power supplied and to be delivered to the TVA system at the Memphis area, and the Dixon-Yates proposal is analyzed. This, as far as I know, is an accurate presentation, and it again shows at the bottom of the page, additional cost to the Government per year of $3,685,000.

Now, attachment No. 2 attached to Mr. JONAS' remarks is a comparison of the Dixon-Yates proposal with the TVA-Paducah contract and it shows an additional cost of $2,923,000 a year. And, I point out again that this is not a comparison between the Dixon-Yates proposal and the proposed Fulton-TVA plant, but it is a comparison with the Paducah contract with TVA.

And, at this time I want to say that the cost at the Paducah plant at the present time, of the TVA delivery of power to the AEC at Paducah at this time, is a higher cost than the contract price by Electric Energy, Inc. The reason for that is that an emergency requirement has been placed upon the TVA to furnish power for that plant. TVA does not have the capacity to supply it with its own facilities. It has gone out into the private utility market and made at least 4 contracts—maybe more than 4, but 4 to my knowledge—with private utilities for high-priced kilowatts. And, of course, the total price of the high-priced private utility kilowatts and the low-cost TVA kilowatts has to be balanced, and that is what makes the present cost of the TVA delivered power, which is not again, as I say, TVA-produced power in its entirety, but it makes it higher at the present time than the long-term contract of the EEI. But, the TVA has testified that as soon as they get their additional plants into operation at the Shawnee site that the cost of delivery will go down to 3.47 mills per kilowatt, and will at that time be substantially cheaper than the long-term contract price of the EEI delivery at this time.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. I am asking for information. I do not know. I have read in the record a speech made by a Member in the other body to the effect that TVA is charging the AEC today more for the power it delivers at Paducah than TVA is selling its power and charging its customers in the Memphis area. Is that right?

Mr. HOLIFIELD. That is true, because the power it is delivering to its customers in the Memphis area is not TVA produced power; a large part of it is purchased from private utilities. At Paducah it is purchased, as I said before, from private utilities, not all of it, but a major portion of it is being purchased outside of TVA. The original requirement by AEC of the TVA at Paducah was 500,000 kilowatts and the original requirement from Electric Energy, Inc., was 500,000 kilowatts. Later on AEC came to them and asked them for another 1 million kilowatts. At that time Electric Energy, Inc., had the right to take 50 percent of that additional load. It turned down its right to take 50 percent and only took 205,000 kilowatts out of the 1 million kilowatts, and at that time TVA contracted to give the other 735,000 kilowatts, and I believe I am quoting the right figures from memory. Now, in order to do that, it did not have but four of its generating plants built—others were budgeted for but not built, and in order to take the load which the EEI turned down to furnish to the AEC, it made these private utility contracts and, of course, it had to pay a higher price, and that brought up the cost of the delivery by TVA to AEC at Paducah. But that is a temporary emergency arrangement and the rates will be reduced when the new generating capacity is built at Shawnee which is now budgeted, and in process of construction and on which the AEC has a firm contract.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield at that point?

Mr. HOLIFIELD. I yield.

Mr. JONAS of North Carolina. I am seeking information; I am not trying to get into an argument.

Mr. HOLIFIELD. I understand.

Mr. JONAS of North Carolina. I think the facts will show that TVA is buying power from private utilities all around the periphery of the TVA area. It is buying power in the Memphis area.

Mr. HOLIFIELD. This is undoubtedly true.

Mr. JONAS of North Carolina. Therefore, I cannot see how it is a legitimate excuse that TVA gives, as the reason why the power it sells to AEC at Paducah costs the Government more money than AEC has to pay for private power.

Mr. HOLIFIELD. I shall explain that to the gentleman. The power that the TVA is buying from different utilities is on a peak-load basis, on an exchange basis, in order to level out the power requirements of the TVA and the adjoining private utilities throughout their system. It does not amount to a substantial figure at any other place except at Paducah, where there is a tremendous purchase of power from private utilities for this emergency need of the AEC at the Paducah plant.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. EVINS. As long as we continue to have private power piped back into the TVA system at higher rates, we are going to continue to have higher rates to the Government and to others; is not that correct?

Mr. HOLIFIELD. Not only is that right, but I point out another factor in this Dixon-Yates contract. The Dixon-Yates contract provides that the TVA shall build a $9 million transmission line from the middle of the Mississippi River at the delivery point of Dixon-Yates terminal up to the Tennessee Valley grid near Memphis. This will cost the TVA $9 million for the purpose of procuring higher-cost power than they could manufacture in their own plants. This is charged up to the TVA budget, and, as the gentleman from Tennessee [Mr. EVINS] said, it will help to pad the cost of TVA, run up their cost—in my opinion, unjustly, because if they built their own plant at Fulton, which is an approved site, approved by the Corps of Engineers, while the Memphis site is not an approved site, then they could build their own plant cheaper. and they would not have to build a $9 million transmission line to hook up with their grid system.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONES of Alabama. Since the creation of TVA, there has not been anything unusual about TVA buying power from the private utilities in the neighborhood, nor is there anything unusual about TVA seling power to them.

Mr. HOLIFIELD. No. This is just a straw man. No one has claimed that this is anything unusual.

Mr. JONES of Alabama. All of the testimony adduced before the Committee on Appropriations every year from the private utilities and the TVA is that their relationship has been one of cordiality and one of total satisfaction on the sale of power between the private utilities and the Authority; is not that correct?

Mr. HOLIFIELD. That is correct.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. MURRAY. I am intensely interested in the continued independence of the Atomic Energy Commission.

Mr. HOLIFIELD. This is the most important issue involved in this controversy, I may say.

Mr. MURRAY. The AEC was created by Congress as an independent commission.

Mr. HOLIFIELD. That is right.

Mr. MURRAY. Free from the influence or interference of the executive

branch. If this directive finally becomes effective and the contract is entered into, then I am afraid that it will set a dangerous precedent for the future of the Atomic Energy Commission.

Mr. HOLIFIELD. I agree with the gentleman.

Mr. MURRAY. I fear the AEC will simply become a pliant tool, a puppet of the Executive, instead of remaining an independent commission. The AEC is our most highly sensitive agency, our most vital defense instrumentality. By all means it should be kept absolutely free and independent from dictation from the Executive or from anyone else on the outside.

Mr. HOLIFIELD. I agree with the gentleman from Tennessee [Mr. MURRAY]. He has expressed by opinion on this much more brilliantly than I could. This is really the important factor. I would rather talk about that principle than talk about the public-private power issue.

Mr. EVINS. Mr. Speaker, will the gentleman yield at this point?

Mr. HOLIFIELD. I yield.

Mr. EVINS. The gentleman from California is a very distinguished member of the House-Senate Joint Committee on Atomic Energy. I would like to ask him this question as to whether or not there is any authority in law for the Atomic Energy Commission to be in the power-brokerage business?

Mr. HOLIFIELD. In the July 6 speech which I made, which the gentleman will find in the RECORD, he will find adequate treatment of that point, I brought forward testimony of Mr. Boyer, the then General Manager of the Atomic Energy Commission when he appeared before our committee and asked for the legislation which is now section 12 (d) of the Atomic Energy Act of 1946, as amended, and which will be carried over in the so-called Cole-Hickenlooper Atomic Energy Revision Act as section 164. He testified at that time before our committee that this was strictly limited to the three atomic energy plants named in the section, which were the atomic energy installations at Oak Ridge, Portsmouth, and Paducah. He expressed beyond any shadow of a doubt the meaning of his language and this was not challenged. In fact, the gentleman from California [Mr. HINSHAW] and I questioned him at some length on that. That was our understanding, as is revealed by the record, and it was the understanding of the rest of the Joint Committee on Atomic Energy at that time, I am sure, because no one challenged the gentleman's testimony.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONES of Alabama. Has the Atomic Energy Commission had an opinion from the Attorney General as to whether or not the Atomic Energy Commission had legal authority to make contracts for or on behalf of the Tennessee Valley Authority?

Mr. HOLIFIELD. As the gentleman knows, the party of which I am a member is not in control of the committee. It has no right, that is the minority has no right, to ask for such an opinion An opinion has not apparently been asked for and, if it has been asked for, I am not aware of it. Therefore, this point is up in the air as far as I know.

Mr. JONES of Alabama. Is there any legal precedent for one agency to make contracts for another agency of Government, for Government corporations or independent operations?

Mr. HOLIFIELD. The gentleman is taking in a great deal of territory. I personally know of no such precedent and I know that none was contemplated in this particular instance.

Mr. JONES of Alabama. Has any comment been made by the Atomic Energy Commission that it did possess the inherent authority, and that the power was vested in it to execute contracts for the TVA or any other Government agency?

Mr. HOLIFIELD. The testimony on that point from the lawyers of the Atomic Energy Commission was that they felt section 12 (d), which I referred to just a moment ago, did give them that authority. I think they are completely wrong in making that statement, and I challenge their interpretation of it.

Mr. JONES of Alabama. If they have the authority to acquire power for the Tennessee Valley Authority, would not they have equal justification to obtain power for the General Services Administration to furnish energy for the Capitol buildings and the House and Senate Office Buildings and to contract as to all the other contractual relationships between the Federal Government which are taken care of by the General Services Administration?

Mr. HOLIFIELD. I would say so.

Mr. JONES of Alabama. Would they not equally have the same authority to acquire power for the Department of Defense?

Mr. HOLIFIELD. The gentleman is right. I will have to ask the gentleman now to give me a little of my own time, Mr. Speaker.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield? I would like to respond to those statements.

Mr. HOLIFIELD. If the gentleman will wait just a few minutes, I would like to complete my statement. Then, I will be glad to yield to the esteemed gentleman from North Carolina.

Mr. Speaker, there is one point which I wish to completely clarify at this point. There have been various talks of replacement by the proponents of the Dixon-Yates proposal on the floor, in the language of the Bureau of the Budget and so forth.

I want to read from page 970, part II, Atomic Energy Commission hearings, in which I questioned the general manager, Mr. Nichols. This is the colloquy which took place:

Mr. NICHOLS. * * * In other words, the Bureau of the Budget says that we should bear the cost of the taxes. It would be just a financial transaction whereby in making our payments to TVA we would reduce the amount due at Paducah by the amount we had paid Dixon-Yates less taxes.

Representative HOLIFIELD. Yes, but this is not a reduction of power commitments of TVA to the AEC, is it?

Mr. NICHOLS. It is what you would call replacement power.

Representative HOLIFIELD. No, it is not replacement power. You may have a bookkeeping transaction that you may call offsetting, but it is not replacement, because you made the contract with the TVA for the AEC Paducah plant prior to any such consideration as this, did you not?

Mr. NICHOLS. That is right.

Representative HOLIFIELD. And you had no contingency in there for furnishing at a later date offsetting power to that amount, did you?

Mr. NICHOLS. No.

Mr. Speaker, this proves beyond doubt that the idea of replacement is something completely new, and there is other testimony which I could give. At this time, Mr. Speaker, I ask unanimous consent to place in the RECORD at this point a letter to the then Director of the Budget, Mr. Dodge, from Mr. Lewis L. Strauss, of the Atomic Energy Commission, containing five pages, and which is an analysis from the AEC standpoint of the Dixon-Yates proposed contract.

The SPEAKER pro tempore (Mr. CANFIELD). Is there objection?

There was no objection.

The matter referred to follows:

UNITED STATES
ATOMIC ENERGY COMMISSION,
Washington, D. C., April 15, 1954.

Hon. W. STERLING COLE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. COLE: By letter dated March 3 and March 22, 1954 from Mr. Nichols to Mr. Allardice, we have advised the Joint Committee of the progress made in response to the President's Budget Message and the request of the Bureau of the Budget to explore the possibility of reducing existing commitments of the TVA to AEC by 500,000 to 600,000 kilowatts.

Enclosed for your information is a copy of a report made today to the Bureau of the Budget covering the present status in detail. It is our understanding that the Bureau plans to arrive at a conclusion shortly.

If there is any further information you desire, we shall be happy to furnish it.

Senator HICKENLOOPER is also being advised.

Sincerely yours,

LOUIS STRAUSS,
Chairman.

LETTER FROM MR. STRAUSS TO MR. DODGE ANALYZING THE DIXON-YATES CONTRACT FROM THE COMMISSION'S VIEWPOINT

Hon. JOSEPH M. DODGE,
Director, Bureau of the Budget.

DEAR MR. DODGE: On March 3, 1954, in a meeting held in Mr. Hughes' office was furnished an analysis of a proposal dated February 25, 1954, which the Atomic Energy Commission had received from Mr. E. H. Dixon, president of the Middle South Utilities, Inc., and Mr. E. A. Yates, chairman of the board, the Southern Co., for the supply of 600,000 kilowatts of firm power. This proposal was in response to the President's budget message and your letter of December 24, 1953, requesting the Atomic Energy Commission to explore the possibility of reducing existing commitments of the TVA to AEC by 500,000 to 600,000 kilowatts.

As you requested, since March 3 we have been meeting separately and jointly with staff members of the Federal Power Commission and representatives of the sponsors of the proposal in an endeavor to work out a fair and equitable arrangement to the Government which could serve as a basis for negotiations leading to a definitive contract.

These discussions have been on the basis of an analysis of comparative costs between our TVA Paducah contract and the Dixon-Yates proposal as revised during the course of the meetings.

We have proceeded on the basis that there would be no contract cancellation for a like portion of the AEC-TVA Paducah contract; that AEC would contract with the sponsors for power needed by TVA for load growth in the Memphis area on the basis of replacement. This approach assures AEC of continuity and reliability of power to the Paducah project.

On April 10, 1954, a joint meeting was held at the Atomic Energy Commission's office and was attended by the leading representatives of the sponsors; the Chief, Bureau of Power, Federal Power Commission and the General Manager of the AEC. As a result of this meeting, the sponsors withdrew their proposal of February 25, 1954, and later submitted the revised proposal attached to this letter.

Under the revised proposal, the sponsors have offered, subject to securing financing on the basis described in (b) below, (a) to form a new company sponsored by Middle South Utilities, Inc., and the Southern Co.; (b) to secure the necessary capital requirements presently estimated at $107,250,000, by subscribing 5-percent equity capital which will bear a return of 9 percent and issuing 30-year bonds to institutional investors for the remaining 95 percent based on an interest rate of 3½ percent; (c) to build a 650,000-kilowatt steam-electric station near West Memphis, Ark., to provide transmission facilities from the sponsors' new facilities to the middle of the Mississippi River between Shelby County, Tenn., and Crittenden County, Ark., including modifications to existing river crossing interconnections between TVA and Arkansas Power & Light Co., and its existing and future points of connection between subsidiaries of the Southern Co., Mississippi Power & Light Co., and TVA; and (d) to enter into a contract with the Atomic Energy Commission for a term of 25 years from date of commencement of commercial operation to the first unit under the following provisions:

(1) An annual base capacity charge, exclusive of taxes, of $8,775,000, which is equivalent to $14.625 per kilowatt-year, subject to variation (a) up or down in case of increase or decrease in actual cost of construction compared with present estimate, with a maximum annual increase of $285,000 or 47.5 cents per kilowatt-year, (b) up or down for changes in cost of fuel from 19 cents per million British thermal units for fuel component included in the base capacity charge required to keep the plant in operation under no load conditions, and (c) upward only for power factor correction or less than 93 percent.

(2) An energy charge of 1.863 mills per kilowatt-hour subject to adjustments up or down in case of increase or decrease in fuel costs from 19 cents per million British thermal units and for increases or decreases in labor rates based on the hourly earnings of production workers in gas and electric utility industries as compiled by the Bureau of Labor Statistics, using $1.97 per hour as a base.

(3) Reimbursement by the AEC for all taxes, licenses, and fees of every kind or character—State, local, or Federal—paid or payable by the new corporation during the term of the contract except that taxes arising out of use of facilities for purposes other than supply of capacity and energy to AEC will not be paid by AEC.

(4) Cancellation is provided as follows:

(a) For TVA to continue to receive and AEC to pay power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA to make other arrangements for the meeting of the requirements of the Memphis area.

(b) After termination, company shall have first call on the capacity and will absorb as rapidly as load growth will permit, but in any event not less than 100,000 kilowatts per year. Costs associated with capacity absorbed by the sponsors will be borne by the sponsors.

(c) Any capacity not absorbed by the sponsors after the 3-year notice period may be assigned to another governmental agency at an increased price to be approved by FPC.

(d) In event no capacity is used during the notice period, the base capacity charge will be reduced by $1,500,000 and proportionally in case of partial reductions. After termination, the base capacity charge less the $1,500,000 will be reduced proportionately to the capacity absorbed by the sponsors.

(e) The total maximum cost of cancellation to the Government, assuming the plant is idle from date of notice of cancellation, is estimated at $40,012,500 plus fair and reasonable expenses payable to third parties.

(5) The making of appropriate arrangements by the AEC with the TVA for the receipt by it and delivery to the AEC in kind of power and energy to be supplied as indicated above.

With respect to (1) above, the base capacity charge is subject to adjustment for changes in the cost of construction from an estimated cost of $107,250,000 or $149 per kilowatt of capability. Under the formula provided in the proposal, AEC shares on a 50–50 basis with the sponsors any decrease or increase in actual costs. In case the actual cost of the facilities is greater than $107,250,000, AEC shares the increase in cost up to a maximum actual cost of $117 million which would result in the maximum annual increase of $285,000 to the capacity charge. Costs greater than this must be paid in their entirety by the sponsors.

The February 25, 1954, proposal used an estimate of $200 per kilowatt which the sponsors assumed was the cost used by TVA for the Fulton steam plant. The sponsors' present estimate appears to be a realistic cost based on current construction costs of new capacity added by private utilities and TVA in a recent period.

In (3) above, the revised proposal provides that since the capacity and energy charges do not include taxes except those included in other reimbursable costs, i. e., social security taxes, etc., the AEC will pay such additional amounts as will result, after payment by seller of Federal, State and local taxes, licenses, fees and other charges in the seller having net operating revenue in the same amount as seller would have had it seller were not liable for such taxes, etc., except those tax liabilities arising out of use of facilities for others than AEC will not be included in additional charges for capacity and energy. The sponsors state that, based on present tax laws, the additional amount to be added to the capacity and energy charges is estimated at $2,319,000 of which $1,499,000 represents State and local taxes, including $83,000 State income taxes, and $820,000 represents Federal taxes on income. The sponsors have indicated that if a favorable ruling is secured from the Treasury Department to the effect that $262,000 included in the capacity charge for replacements is not to be considered as revenue for tax purposes, the taxes estimated above will be reduced by approximately $313,000, resulting in a total of $2,006,000.

The proposal is also subject to securing appropriate Treasury Department rulings or agreements with respect to the sinking fund depreciation upon which the computations are predicated.

In the cancellation covered by (4) above, considerable time was devoted to developing the present provisions. While they are not on a formula basis similar to the OVEC and the EEI contracts, which are based on the expected load growth of the connected systems of the sponsors and provide for a definite date on which the cancellation costs reduce to zero, they do provide for a minimum absorption of 100,000 kilowatts per year with the understanding the maximum possible will be absorbed each year, the absorption to be cumulative with a minimum of 100,000 kilowatts for each ensuing year.

Further discussions with Mr. Dixon on April 12, 1954, on possible revisions to the sponsors' proposal to develop a cancellation provision that would commit the sponsors to an increasing absorption rate each year after full scale commercial operation was not successful. They felt in view of the uncertain future in load growth and recent experience with systems reserves in excess of normal, they could commit the sponsors only to a firm 100,000 kilowatts with the provision that they would absorb as much as they could each year over and above this amount. It should be noted, however, that the cancellation provisions are computed on the base capacity charge as modified and in this respect are reasonable.

There is no cancellation provision in the event of termination prior to full-scale operation. This was also discussed with Mr. Dixon in an effort to provide for this presently unforeseen possibility. His view was since this capacity is to provide for the normal load growth in the TVA and it would take at least 3 years for TVA to provide for replacement, he could foresee no need for cancellation prior to full-scale commercial operation and did not desire to modify the proposal in this regard. Under concurrent major reductions in AEC load and lack of normal load growth in the TVA system, the lack of cancellation provisions prior to completion of the plant could prove to be disadvantageous to the Government.

The attached table covering the major components of cost of the revised proposal has been prepared and is compared with the February 25 proposal and with our present estimate of cost of power, including escalation, to be delivered to AEC from the TVA Shawnee plant, under the terms of our present contract with TVA at 98 percent load factor of 5.2 billion kilowatt-hours per year.

As a result of the meetings previously cited, the additional annual cost over the Paducah contract has been reduced from $4,138,000 to $1,706,000, or less than the amount of estimated taxes. The additional costs exclude the costs associated with TVA transmission lines required to deliver energy from the points of interconnection of the sponsors' system to TVA's substation at Memphis.

Consideration of the revised proposal by Dixon-Yates should not overlook the following:

(a) The AEC presently has a firm contract with TVA for supply of power.

(b) Reliability and continuity of power supply to the AEC must be protected.

(c) The entire difference in cost between the sponsors' revised proposal and the TVA contract is accounted for by taxes.

(d) AEC would expect the Bureau of the Budget to obtain the concurrence of TVA to all provisions of the proposal, and any subsequent definitive contracts relating to TVA.

(e) The proposal provides that the power factor at point of delivery shall be maintained by TVA at no lower than 93 percent. To maintain this power factor, it may be necessary for TVA to provide reactive kilovolt-amperes in the Memphis area or a penalty maybe applied in the form of increased demand charges.

With the understanding that arrangements would be made through the Bureau of the Budget for TVA to enter into a 25-year contract with AEC to take the power provided for under this proposal subject to all provisions including cancellation, the AEC could enter into a contract with the sponsors to provide TVA with 600 thousand watts

needed for its load growth on a basis of replacement. However, it is our position that any costs involved to AEC over and above the cost of power under our present contract to Paducah should be borne by TVA. Otherwise, the TVA would be further subsidized through an operating expense appropriation to the AEC.

We feel that higher executive authority or Congress should make this determination.

In making such determination, the following information is pertinent:

(a) By utilizing private utilities, the United States would save a capital outlay of at least $100 million, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

(b) Excluding all taxes and TVA transmission, the sponsors proposal is estimated to cost annually $613,000 less than the Paducah contract.

(c) Including taxes, the estimated annual cost is $1,706,000 greater than the Paducah contract. This is accounted for entirely by taxes of which $820,000 would be returned to the Federal Government. The remaining $886,000 represents State and local income and ad valorem taxes, leaving a balance of $613,000 of the estimated annual taxes totaling $2,319,000 that can be included within the sponsors' proposal without exceeding the estimated anual cost under the Paducah contract.

(d) The estimates of plant, operating, and other costs that are the basis of the revised proposal have been reviewed by representatives of the FPC and they believe them to be fair and reasonable.

(e) AEC would request the Federal Power Commission to formally indicate that the estimated costs are realistic, that cost allocations between capacity and energy are in accordance with their practice of approving rates for resale in interstate commerce, and that the rate terms and conditions are fair and reasonable to the Government.

We believe that we have explored the subject proposal to the extent practicable at this time. Higher authority will now presumably determine what course of action is in the best interest of the Government.

Sincerely yours,

LEWIS L. STRAUSS,
Chairman of Atomic Energy Commission.

Mr. HOLIFIELD. In this particular letter Mr. Straus objects to the fact that they are called upon to pay the taxes of the Dixon-Yates Co. This is dated April 15. Here again is talk of replacement. Then he goes on:

However, it is our position that in cases involving AEC over and above the cost of power under our present contract to Paducah should be borne by TVA. Otherwise TVA would be further subsidized through operating expenses appropriation to AEC.

In other words, while opposing the principle of the AEC having to pay the taxes of the Dixon-Yates proposal, he brings out that it would be subsidization. Of course it is subsidization, whoever pays those taxes outside of the people who own the plant, the Dixon-Yates people. Of course, if they get the Government to pay it, it is subsidization, regardless of whether the AEC pays it or whether it comes out of the general fund. This cannot be denied.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONAS of North Carolina. It is a fact, is it not, that the question of taxes is a question that enters into the cost of the power? Is that not one of the elements?

Mr. HOLIFIELD. Taxes enter into the cost of power supplied by every private utility in the United States, to my knowledge, with the exception of Dixon-Yates. Here is an instance where a private utility company, Dixon-Yates is relieved of its obligation to pay taxes.

Mr. JONAS of North Carolina. No. The tax does not go into the contract.

Mr. HOLIFIELD. That is the point. It is relieved of its obligation to pay taxes to the Government, and every other private utility in the United States has to pay taxes.

Mr. JONAS of North Carolina. But if Dixon-Yates paid them the cost of the power would be increased.

Mr. HOLIFIELD. That is exactly right; and that is why it is relieved.

Mr. JONAS of North Carolina. And if TVA paid them——

Mr. HOLIFIELD. That is why this relief from taxes was put in so they could get down to a near competitive position with TVA.

I realize TVA does not pay taxes as such; I recognize that TVA in its delivery of energy to the AEC is delivering it from one Government agency to another for use in a defense plant, and it was only on the basis that it is being used for the defense needs that the Securities and Exchange Commission passed over the provisions of the Private Utilities Holding Act of 1935 and allowed the Ohio Valley Electric Corp. and Electric Energy, Inc., to fund their bonds on the basis of a 95 percent funding, when normal requirements of the SEC require that bonds sold to the public shall be sold on an approximate 40 percent capital investment equity on the part of the sponsors and a 60-percent funding on the part of the bonds sold the public. But because these particular plants were supplying all of their energy for defense purposes, because of the emergency need of the Government in the Korean war and to furnish the Paducah plant and AEC further energy to make the weapons, the atomic and the hydrogen type of weapons which were needed to preserve the freedom of the free world, they were given special treatment; they were given temporary relief from the effects of the Private Utility Holding Company Act of 1935, but with this admonition, that they would come back later, the Securities and Exchange Commission would come back later and hold the hearings required by the Holding Company Act and at that time they would make the determination as to which one of these utility companies would be allowed to buy the bonds and control the fee title ownership of these companies in the future.

I maintain that this excuse or this reason which was used in the case of the Ohio Valley Electric Corp. and Electric Energy, Inc., for total use of energy in defense plants does not obtain in the Memphis area for either TVA or Dixon-Yates. The energy that will be bought there will be purchased through the administrative device of the AEC acting as a power broker and using the 25-year contract privilege.

The power will be transferred by the AEC to the Tennessee Valley grid not for defense plants, not for the AEC, not in replacement for 1 canceled kilowatt, but it will be for the new power which will be served to the TVA grid at a higher cost than the TVA could generate it itself. It will be served to them for the purpose of distribution to commercial, industrial, and residential users and not 1 kilowatt to AEC for defense needs or for other defense plants.

This is the rock upon which the barge of replacement founders, because you cannot justify in the name of national defense—and this is the only provision in the Atomic Energy Act which the President has to relieve AEC from the other contractual obligations which are used by AEC. The President can exempt the AEC if it is found that it is necessary on behalf of the national security and the defense needs of the Nation. This power of exemption is carried in the Atomic Energy Act of 1946, as amended, and it will be carried again in the new atomic energy bill. But the President cannot use that in this case, nor the Budget Bureau. The AEC has not tried to appeal to that section because they know they cannot sustain the need in this area on the basis of national defense.

They have tried to base their authority on section 12 (d) of the Atomic Energy Act, which provides only for new contract, modification of contracts, and alteration of contracts for the three existing atomic energy plants at Oak Ridge, Portsmouth, and Paducah; and it is upon that rock that the admonition of the President to negotiate and enter into this contract founders.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield for a question?

Mr. HOLIFIELD. And at that point I want to go into the question of whether——

Mr. JONAS of North Carolina. Before the gentleman leaves that point, will be permit me to ask a question?

Mr. HOLIFIELD. Just as soon as I read this from Mr. Hughes' letter of June 16, which was placed in the RECORD of July 7 and appears in the first column, paragraph 9 (b) on page 9480. Mr. Hughes states:

I have been asked by the President to instruct the Atomic Energy Commission to proceed with the negotiations of a definitive contract. Such instructions have been given this agency. The Commission and the TVA have also been instructed to work out the necessary interagency arrangements to assure the most favorable operation under the contract from the standpoint of the Government.

Any attempt on the part of the gentleman from California [Mr. PHILLIPS] and the gentleman from North Carolina [Mr. JONAS] to relieve the Atomic Energy Commission of the instructions to go ahead and negotiate a definitive contract will have my hearty support; but I say there will have to be an additional directive from the President telling them not to sign the contract. No one has said, that I know of and who knows the subject, that they have signed a contract. We all know that they are negotiating it. The Dixon-Yates people have not even appealed to the Securities and Exchange Commission to get approval of

their bonds. I do not know why they have not appealed to them. Maybe they are afraid they will not get the approval of the Securities and Exchange Commission.

I am going to look with a great deal of interest at the memoranda of approval, if it is issued by the Securities and Exchange Commission, because they are going to have to find a different reason for issuing approval of the 95 percent funding operation of the Dixon-Yates people than they found for the Ohio Valley Electric Corp. and the electric energy companies at Portsmouth and at Paducah. I now yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. I thank the gentleman from California for the statement he just made. It was my understanding, and he has now confirmed it, that this was not an order from the President to sign a contract that has already been worked out. It was a directive to negotiate a contract from the standpoint of the necessities of the Government.

Mr. HOLIFIELD. I read it. "For the best interests under the contract" but it might be to the best interests of the Government not to sign the contract. They are directed to negotiate; but there is other language not contained in this letter, which is contained in another letter that I shall get from my office and possibly introduce at a later date which is even clearer than this particular language that I happen to have at hand in the July 7 RECORD.

There is no doubt in my mind but that the Burch-Von Tresckow proposal, which the gentleman has put in his remarks and which I pass no comment on because I have not studied it, has been rejected. The gentleman will agree it has been rejected by the AEC. They have been ordered to go ahead and negotiate a definitive contract. If they do not intend to sign the contract why are they negotiating a definitive contract? I hope that the gentleman's modification of the generally accepted idea that the AEC is going to be forced against their testimony of 3 to 2, to do something which is unwise, awkward and unbusinesslike will be accepted by sustained Presidential action. I say with all kindness that the President is out on a limb. The President has gone beyond the power, in my opinion, of the executive branch in ordering an independent agency of the Government to do something which is not authorized under the law. This is the important thing. It is not whether the Tennessee Valley Authority builds the plant or whether the Dixon-Yates people build the plant, I may say to my friends who are interested on both sides, that the issue is not my primary concern. The reason I have talked on it is because the matter has been one of controversy and I have tried to give to the House to the best of my knowledge, the true facts.

The thing I am concerned with is this encroachment on the statutory power of an independent agency and I say with all due respect to the President—he is my President the same as he is your President—that if the President of the United States can be advised and then if he follows that advice to direct an independent agency of the Government to do that which by law and by the testimony of witnesses when they come before the committees to obtain that law, if he can direct them to go beyond the provisions of the statute and do things foreign to their purposes and objectives, and completely foreign, without any benefit to them for the purposes upon which they were established by the Congress of the United States, then I say to you that the President can upset the legal statutes of every independent agency of Government. Not only can he go to the Atomic Energy Commission, in which I am deeply interested, having served on that Commission since its establishment in 1946—no, but he can go to the Federal Power Commission, he can go to the Federal Communications Commission and tell them to issue a TVA license notwithstanding certain provisions of the statute. He can go to the Interstate Commerce Commission, and he can tell the Interstate Commerce Commission to issue rate approvals not authorized by statute. This is the important issue that is going to face the Congress when the Atomic Energy Revision Act comes before it. At that time I expect to offer an amendment which I offered and which was very narrowly defeated, I will tell the gentleman, in committee, in executive session; but I intend to offer the same amendment again and the Congress will have the right then at that time to say whether section 12 (d) of the act means exactly what it says, or they will have the right to modify. Now, if the Congress says that they want to modify the act, that is one thing. It is the will of the Congress. They can modify these acts which authorized these independent agencies, but it is one thing for the Congress to consider and modify a basic statutory provision, and it is another thing for the President of the United States to direct that Commission to go beyond its statutory authorization.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Will the gentleman from California tell us whether or not the Atomic Energy Commission made any inquiry as to how much it would cost the Government to build their own steam plants in the immediate vicinity of where the energy will be used?

Mr. HOLIFIELD. I have no knowledge of any such survey. The Tennessee Valley Authority is a power agency created by the Congress and it has supplied on demand to the AEC all the electricity which the AEC has asked for from it.

Mr. JONES of Alabama. I believe that the Commission testified before your committee that those contractual relationships and the supplying of power by the TVA have been satisfactory arrangements during the life of their operation at Oak Ridge and the surrounding plants.

Mr. HOLIFIELD. So satisfactory that when the President's budget message said that they must negotiate on the basis of actual replacement, which would involve the cancellation of existing AEC contracts, that the AEC has frequently said that it would not cancel one kilowatt of its present contracts, and the reason it will not cancel is because it is in the best interest of the Government for them to continue getting this power at a cheap price from the TVA. Therefore, the original idea of the President on replacement was thrown out the window. And, again I say this is not replacement, regardless of how many times the word "replacement" or "exchange" or "substitution" is used. It is not exchange, not substitution, not replacement. It is an additional power capacity which is being contracted for, not for defense needs, but for the commercial, industrial, and residential uses of the people in the Tennessee Valley area.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. MILLER of Nebraska.

Mr. WILLIS (at the request of Mr. HÉBERT).

Mr. PRICE and to include extraneous matter.

Mr. ROBSION of Kentucky and to include extraneous matter.

Mr. DORAN of South Carolina.

Mr. WOLVERTON and to include extraneous matter.

Mr. SCHENCK.

Mr. WILSON of California.

Mr. SIEMINSKI.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 2 hours tomorrow, following any special orders heretofore entered.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JUDD (at the request of Mr. ARENDS), for July 12, on account of death in family.

Mr. MAILLIARD (at the request of Mr. SHELLEY), for an indefinite period, on account of death of his father.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 120. An act for the relief of Gerasimos Giannatos; to the Committee on the Judiciary.

S. 231. An act for the relief of Otmar Sprah; to the Committee on the Judiciary.

S. 232. An act for the relief of Hugo Kern; to the Committee on the Judiciary.

S. 328. An act for the relief of Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Aguilera Gutierrez, and Armando Casimero Gutierrez; to the Committee on the Judiciary.

S. 673. An act for the relief of Urho Paavo Patoski and his family; to the Committee on the Judiciary.

S. 771. An act for the relief of Anni Wolf and her minor son; to the Committee on the Judiciary.

S. 808. An act for the relief of Frederick Wiesinger; to the Committee on the Judiciary.

S. 810. An act for the relief of Jan E. Tomczycki; to the Committee on the Judiciary.

S. 966. An act for the relief of Demitrious Vasililous Karavogeorge; to the Committee on the Judiciary.

S. 1212. An act for the relief of Alice Masaryk; to the Committee on the Judiciary.

S. 1585. An act to amend the District of Columbia Traffic Act, 1925, as amended; to the Committee on the District of Columbia.

S. 1611. An act to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes; to the Committee on the District of Columbia.

S. 2380. An act to amend the Mineral Leasing Act of February 25, 1920, as amended; to the Committee on Interior and Insular Affairs.

S. 2381. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain; to the Committee on Interior and Insular Affairs.

S. 2387. An act for the relief of Willy Voos and his wife, Alma Voos; to the Committee on the Judiciary.

S. 2389. An act to amend the act of December 3, 1942; to the Committee on Merchant Marine and Fisheries.

S. 2456. An act for the relief of Martin Genuth; to the Committee on the Judiciary.

S. 2504. An act for the relief of Elisa Albertina Cioccio Rigazzi or Elisa Cioccio; to the Committee on the Judiciary.

S. 2510. An act for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz; to the Committee on the Judiciary.

S. 2512. An act for the relief of Jeannette Kalker and Abraham Benjamin Kalker; to the Committee on the Judiciary.

S. 2542. An act for the relief of Glicerio M. Ebuna; to the Committee on the Judiciary.

S. 2587. An act for the relief of Domenico Peri; to the Committee on the Judiciary.

S. 2635. An act for the relief of Nadeem Tannous and Mrs. Jamile Tannous; to the Committee on the Judiciary.

S. 2655. An act to amend the District of Columbia Teachers' Salary Act of 1947, as amended; to the Committee on the District of Columbia.

S. 2686. An act to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932; to the Committee on the District of Columbia.

S. 2687. An act to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions; to the Committee on the District of Columbia.

S. 2798. An act for the relief of Azizollah Azordegan; to the Committee on the Judiciary.

S. 2958. An act for the relief of Ida Reissmuller and Johnny Damon Eugene Reissmuller; to the Committee on the Judiciary.

S. 3085. An act for the relief of Mrs. Helen Stryk; to the Committee on the Judiciary.

S. 3306. An act for the relief of Kang Chay Won; to the Committee on the Judiciary.

S. 3329. An act to amend the District of Columbia Police and Firemen's Salary Act of 1953, to correct certain inequities; to the Committee on the District of Columbia.

S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio; to the Committee on Interstate and Foreign Commerce.

S. 3482. An act to amend the District of Columbia Unemployment Compensation Act, and for other purposes; to the Committee on the District of Columbia.

S. 3506. An act to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia; to the Committee on the District of Columbia.

S. 3518. An act to amend the laws relating to fees charged for services rendered by the office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes; to the Committee on the District of Columbia.

S. 3546. An act to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense; to the Committee on Merchant Marine and Fisheries.

S. 3558. An act to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907; to the Committee on the District of Columbia.

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the Bank on the National Advisory Council on International Monetary and Financial Problems and to increase the Bank's lending authority; to the Committee on Banking and Currency.

S. 3681. An act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3683. An act to amend the District of Columbia Credit Unions Act; to the Committee on the District of Columbia.

S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases; to the Committee on Agriculture.

S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas relating to the waters of the Sabine River; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and its environs;

H. R. 6342. An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to require title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7468. An act to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8247. An act to provide for the restoration and maintenance of the U. S. S. *Constitution* and to authorize the disposition of the U. S. S. *Constellation*, U. S. S. *Hartford*, U. S. S. *Olympia*, and U. S. S. *Oregon*, and for other purposes;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

ADJOURNMENT

Mr. STRINGFELLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 13, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1721. A letter from the Acting Comptroller General of the United States, transmitting a report on the audit of the Panama Canal Company and the Canal Zone Government for the year ended June 30, 1953, pursuant to the Government Corporation Control Act (31 U. S. C. 841), the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C. 67) (H. Doc. No. 473); to the Committee on Government Operations and ordered to be printed.

1722. A letter from the Acting Secretary of Defense, transmitting as attachment A, copies of 17 separate reports of violation of section 3679, Revised Statutes, which have been received from the Departments of the Navy and Air Force, pursuant to section 3679 (i) (2), Revised Statutes; to the Committee on Appropriations.

1723. A letter from the Acting Secretary of the Army, transmitting a draft of legislation entitled "A bill to amend the Career Compensation Act of 1949, as amended, to allow credit for certain service for purposes of pay, and for other purposes"; to the Committee on Armed Services.

1724. A letter from the Chairman, Federal Communications Commission, transmitting a report on backlog of pending applications and hearing cases in the Federal Communications Commission as of May 31, 1954, pursuant to section 5 (e) of the Communications Act as amended July 16, 1952, by Public Law 554; to the Committee on Interstate and Foreign Commerce.

1725. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "A bill to amend section 284 of title 18 of the United States Code relating to the representational activities of former employees"; to the Committee on the Judiciary.

1726. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "A bill to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following conference report was filed July 9, 1954:

Mr. D'EWART: Committee of Conference. S. 3378. A bill to revise the Organic Act of the Virgin Islands of the United States (Rept. No. 2105). Ordered to be printed.

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following bill was reported July 9, 1954:

Mr. WOLVERTON: Committee on Interstate and Foreign Commerce. H. R. 8356. A bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services; with amendment (Rept. No. 2106). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following bill was reported July 10, 1954:

Mr. REES of Kansas: Committee on Post Office and Civil Service. H. R. 9836. A bill to provide a method for the establishment of an equitable classification and pay system for the postal field service, to provide increases in the salaries of personnel in such service, and for other purposes; with amendment (Rept. No. 2107). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted July 12, 1954*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOPE: Committee on Agriculture. S. 1381. An act to amend the Agricultural Act of 1949; without amendment (Rept. No. 2177). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema; without amendment (Rept. No. 2178). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 6393. A bill granting the consent and approval of Congress to an interstate forest-fire protection compact; without amendment (Rept. No. 2179). Referred to the Committee of the Whole House on the State of the Union.

Mr. HINSHAW: Joint Committee on Interstate and Foreign Commerce. H. R. 9390. A bill to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American prisoners of war captured and held during the hostilities in Korea; with amendment (Rept. No. 2180). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLE of New York: Joint Committee on Atomic Energy. H. R. 9757. A bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes; without amendment (Rept. No. 2181). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 623. Resolution for the consideration of H. R. 8356, a bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services; without amendment (Rept. No. 2182). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 624. Resolution for consideration of S. 3539, an act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services; without amendment (Rept. No. 2183). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 625. Resolution for consideration of S. 3458, an act to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes; without amendment (Rept. No. 2184). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 626. Resolution for consideration of H. R. 236, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado; without amendment (Rept. No. 2185). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CELLER: Committee on the Judiciary. H. R. 669. A bill for the relief of George D. Kyminas; with amendment (Rept. No. 2108). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 787. A bill for the relief of Israel Ratsprecher and Maryse Ratsprecher; with amendment (Rept. No. 2109). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 818. A bill for the relief of Mrs. Emma Martha Staack; without amendment (Rept. No. 2110). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 842. A bill to restore United States citizenship to a former citizen, Atsuko Kiyota Szekeres, who has expatriated herself; with amendment (Rept. No. 2111). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 905. A bill for the relief of Franciszek Wolczek; without amendment (Rept. No. 2112). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 950. A bill for the relief of Panoula Panagopoulos; without amendment (Rept. No. 2113). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1171. A bill for the relief of Mrs. Wai-Jan Low Fong; with amendment (Rept. No. 2114). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 1209. A bill for the relief of Stylianos Harlambidis; with amendment (Rept. No. 2115). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 1324. A bill for the relief of Georgina Chinn; with amendment (Rept. No. 2116). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1897. A bill for the relief of Mrs. Betty E. LaMay; with amendment (Rept. No. 2117). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 2051. A bill for the relief of Ivo Markulin; without amendment (Rept. No. 2118). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2358. A bill for the relief of Dr. Vahram Uluhogian; with amendment (Rept. No. 2119). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 2415. A bill for the relief of Nicholas John Manticas, Yvonne Manticas, Mary Manticas, and John Manticas; with amendment (Rept. No. 2120). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 2480. A bill for the relief of Charlotte Margarita Schmidt; with amendment (Rept. No. 2121). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2483. A bill for the relief of Giacomo Bartolo Vanadia; with amendment (Rept. No. 2122). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 2647. A bill for the relief of Angelita Haberer; with amendment (Rept. No. 2123). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 2674. A bill for the relief of Dr. Paul Keuk Chang; with amendment (Rept. No. 2124). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2794. A bill for the relief of Mrs. Claire Godreau Daigle; with amendment (Rept. No. 2125). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2799. A bill for the relief of Gertrud Babette Kraeutter; with amendment (Rept. No. 2126). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2887. A bill for the relief of Hilario Camino Moncado; with amendment (Rept. No. 2127). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2901. A bill for the relief of Tokuko Kobayashi, and her minor son; with amendment (Rept. No. 2128). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 3024. A bill for the relief of Sergio Emeric; with amendment (Rept. No. 2129). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3144. A bill for the relief of Elias Y. Richa; without amendment (Rept. No. 2130). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 3388. A bill for the relief of Louie Ella Attaway; without amendment (Rept. No. 2131). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3447. A bill for the relief of Maria Paccione Pica; with amendment (Rept. No. 2132). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 3520. A bill for the relief of Mrs. Erna Rosita Pont (formerly Erna Rosita Michel); with amendment (Rept. No. 2133). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 3566. A bill for the relief of Pimen Maximovitch Sofronov; with amendment (Rept. No. 2134). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3750. A bill for the relief of Inge Beckmann; with amendment (Rept. No. 2135). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3874. A bill for the relief of Roberto Johnson; with amendment (Rept. No. 2136). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 4054. A bill for the relief of Jorge Sole Massana; with amendment (Rept. No. 2137). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4437. A bill for the relief of Louise Rank; with amendment (Rept. No. 2138). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5119. A bill for the relief of Augusta Oppacher Bialek; with amendment (Rept. No. 2139). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 5193. A bill for the relief of Dr. Jalal Elahi and Batool Elahi; with amendment (Rept. No. 2140). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 5194. A bill for the relief of Pauline Katzmann; without amendment (Rept. No. 2141). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 5319. A bill for the relief of Henry (also known as Heinrich) Schor, Sally (also known as Sali) Schor, and Gita (also known as Gitta Aviva) Schor; with amendment (Rept. No. 2142). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 5344. A bill for the relief of Bob Kan; with amendment (Rept. No. 2143). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 5459. A bill for the relief of Takeko Ishiki; without amendment (Rept. No. 2144). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 5749. A bill for the relief of Maria Teresa Lubiato; without amendment (Rept. No. 2145). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 5762. A bill for the relief of Suren Pelenghian; without amendment (Rept. No. 2146). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 5841. A bill for the relief of Boris Ivanovitch Oblesow; without amendment (Rept. No. 2147). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 6266. A bill for the relief of Frank Robert Gage; without amendment (Rept. No. 2148). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6324. A bill for the relief of Orlando Lucarini; without amendment (Rept. No. 2149). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6355. A bill for the relief of Elena Scarpetti Savelli; without amendment (Rept. No. 2150). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6367. A bill for the relief of Nobu Nogawa Nitta; with amendment (Rept. No. 2151). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 6442. A bill for the relief of Tamiko Fujiwara; with amendment (Rept. No. 2152). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6498. A bill for the relief of Elfriede Lina Roser; with amendment (Rept. No. 2153). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6858. A bill for the relief of Mrs. Efthemia Soteralis; without amendment (Rept. No. 2154). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7033. A bill for the relief of Mrs. Anna J. Weigle; without amendment (Rept. No. 2155). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7151. For the relief of Mazal Kolman; with amendment (Rept. No. 2156). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7217. A bill for the relief of Astor Vergata; without amendment (Rept. No. 2157). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7228. A bill for the relief of Christine Susan Caiado; without amendment (Rept. No. 2158). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7245. A bill for the relief of Miss Martha Kantelberg; with amendment (Rept. No. 2159). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7246. A bill for the relief of Mrs. Elfriede Majka Grifasi; with amendment (Rept. No. 2160). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7262. A bill for the relief of Rosa Maria Vollmer; with amendment (Rept. No. 2161). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7343. A bill for the relief of Hildegart Liselotte Budesheim and her minor child; with amendment (Rept. No. 2162). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7352. A bill for the relief of Mrs. Sonja Ries Kock; without amendment (Rept. No. 2163). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7579. A bill for the relief of Mrs. Anita Scavone; with amendment (Rept. No. 2164). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7581. A bill for the relief of Gaetano Conti; with amendment (Rept. No. 2165). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7628. A bill for the relief of Mariana George Loizos Kellis; without amendment (Rept. No. 2166). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7829. A bill for the relief of Shimasoi Michiko; without amendment (Rept. No. 2167). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7834. A bill for the relief of Erika Schneider Buonasera; with amendment (Rept. No. 2168). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7885. A bill for the relief of Sohan Singh Rai and Jogindar Kaur Rai; without amendment (Rept. No. 2169). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7938. A bill for the relief of Miss Martha Heuschele; with amendment (Rept. No. 2170). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 8066. A bill for the relief of Mrs. Gertrud Eckerl Strickland; without amendment (Rept. No. 2171). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8183. A bill for the relief of Elfriede Ida Geissler; without amendment (Rept. No. 2172). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 8375. A bill for the relief of Ilse Radler Hughes; with amendment (Rept. No. 2173). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 8413. A bill for the relief of Sigrid Brinkhoff; without amendment (Rept. No. 2174). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 8424. A bill for the relief of Mrs. Else Johnson; with amendment (Rept. No. 2175). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 9103. A bill for the relief of Rose Mary Keser; without amendment (Rept. No. 2176). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DONDERO:

H. R. 9859. A bill authorizing the construction, repair, and preservation of certain

public works on rivers and harbors for navigation, flood control, and for other purposes; to the Committee on Public Works.

By Mr. CAMP:

H. R. 9860. A bill relating to the tax treatment to be afforded under section 117 (j) (3) of the Internal Revenue Code in certain cases involving the sale, exchange, or conversion of land with unharvested crops thereon; to the Committee on Ways and Means.

By Mr. COUDERT:

H. R. 9861. A bill to establish a Commission on Programs for the Aging; to the Committee on Interstate and Foreign Commerce.

By Mr. ENGLE:

H. R. 9862. A bill to amend section 46 of the act of May 25, 1926, and thereby modify the excess land and repayment provisions of the Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. JENKINS:

H. R. 9863. A bill to provide for the free importation of black granite for use in monuments erected on Federal property; to the Committee on Ways and Means.

By Mr. REAMS:

H. R. 9864. A bill to amend the first section of the act entitled "An act relating to withholding, for State income-tax purposes, on the compensation of Federal employees," approved July 17, 1952; to the Committee on Ways and Means.

By Mr. SMITH of Mississippi:

H. R. 9865. A bill to require that whenever an officer or member who is discharged from the Armed Forces is so mentally deranged or unstable as to be potentially dangerous, his family and certain other persons are to be placed on notice of such potential danger; to the Committee on Armed Services.

By Mr. FRELINGHUYSEN:

H. R. 9866. A bill to prescribe certain limitations with respect to outpatient dental care for veterans; to the Committee on Veterans' Affairs.

By Mr. SPRINGER:

H. R. 9867. A bill to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered; to the Committee on Veterans' Affairs.

By Mr. TOLLEFSON:

H. R. 9868. A bill to amend the Merchant Ship Sales Act of 1946 to provide for the charter of passenger ships in the domestic trade; to the Committee on Merchant Marine and Fisheries.

By Mr. BELCHER:

H. Con. Res. 252. Concurrent resolution requesting the President to proclaim October 23 as United States Day; to the Committee on the Judiciary.

By Mr. REED of Illinois:

H. Res. 622. Resolution providing for additional funds for studies and investigations by the Committee on the Judiciary; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUDGE:

H. R. 9869. A bill for the relief of Francisco Ortis Escudero; to the Committee on the Judiciary.

By Mr. DOLLINGER:

H. R. 9870. A bill for the relief of Bernardo Prano; to the Committee on the Judiciary.

By Mr. FERNANDEZ:

H. R. 9871. A bill for the relief of L. F. Goedeke; to the Committee on the Judiciary.

By Mr. HESELTON:

H. R. 9872. A bill for the relief of Klara Scholl Lamere; to the Committee on the Judiciary.

By Mrs. KELLY of New York:

H. R. 9873. A bill for the relief of Lemuel A. Wynne; to the Committee on the Judiciary.

By Mr. KNOX:

H. R. 9874. A bill for the relief of Anna Wiesneth; to the Committee on the Judiciary.

By Mr. LANTAFF:

H. R. 9875. A bill for the relief of Julius G. Watson; to the Committee on the Judiciary.

By Mr. LATHAM:

H. R. 9876. A bill for the relief of George Liberatos (Lymperatos); to the Committee on the Judiciary.

By Mr. OAKMAN:

H. R. 9877. A bill for the relief of Mr. Lazaros Marko Damianopoulos; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 9878. A bill for the relief of George Verrios; to the Committee on the Judiciary.

By Mr. VAN PELT:

H. R. 9879. A bill for the relief of Helga Kutschka; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1092. By Mr. GOODWIN: Petition of Rev. Wallace Forgey and 48 others of Melrose, Mass., favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1093. By Mr. HORAN: Petition of L. S. Worley, Spokane, Wash. and 25 other citizens of Spokane, Wash., favoring action to outlaw the Communist Party; to the Committee on the Judiciary.

1094. By Mr. NORBLAD: Petition of Elizabeth R. Keeney and 39 other citizens of Corvallis, Oreg., urging the enactment of the Bryson bill, H. R. 1227, to the Committee on Interstate and Foreign Commerce.

1095. By the SPEAKER: Petition of the deputy clerk, Board of Supervisors, Buffalo, N. Y., requesting that the necessary steps be taken to provide adequate funds and resources to properly develop the port of Buffalo, etc.; to the Committee on Public Works.

1096. Also, petition of George H. Ball, Columbia Typographical Union, No. 101, Washington, D. C., appealing for the relief of more than 9,000 retired International Typographical Union printers, who through a decision of the Commissioner of Internal Revenue have had their ITU pensions placed in a taxable status effective January 1, 1954; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Breaux Bridge, La., High School Band

EXTENSION OF REMARKS

OF

HON. EDWIN E. WILLIS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. WILLIS. Mr. Speaker, it is indeed a pleasure to call the attention of my colleagues to the presence in Washington today and tomorrow of a talented and popular organization from my congressional district—the Breaux Bridge (La.) High School Band.

I trust that a number of Members of Congress had an opportunity to hear this band in a concert this afternoon on the east front center steps of the Capitol, which was followed by a tour of the Capitol and visits to the House and Senate galleries. We, in Louisiana, and particularly in the Third Congressional District and my home parish—county—of St. Martin, in which Breaux Bridge is situated, are very proud of this band and the honors it has received.

These honors include selection of the band to represent Louisiana at the Lions international convention in New York City where the members won much additional acclaim and attention, playing at the convention in Madison Square Garden, participating in the convention parade, and in other presentations. They have taken part in many events in Louisiana, and this band of 67 young musicians has become widely known.

The citizens of Breaux Bridge, who through various benefit activities, raised the large sum of money necessary to defray expenses of the band on the trip to New York, can feel that their interest and efforts in this connection, and on previous occasions, are amply rewarded by the appearance and ability of this organization, the widespread publicity it has given to its home town and the State of Louisiana, and the excellent musical training afforded these young people.

The band, now en route home from New York, is accompanied by a number of leading citizens of Breaux Bridge, together with other Louisianians. Mr. Leo Delahoussaye, principal of the Breaux Bridge High School, is in general charge of the trip, and the band is under the leadership of Mr. Harry Greig, band director of the music department of the high school.

The band members are: Betty Delhomme, Patricia Balch, Roberta Webre, Jeannelle Gauthier, Shirley Guidry, Beverly Hebert, Jean Nell Broussard, Rebecca Cormier, Joan Guidry, Jo Ann Keterlers, Elaine Pellerin, Patricia Patin, Barbara Broussard, Edward Domingue, Glenda Landry, Gloria Patin, Elizabeth Latiolais, Joy Conrad, Gaynell Guidry, Lydia Rose Guidry, Elaine Mason, Dolores Barnes, Tommy Balch, June Cormier, Mike Morrogh, Emily Hebert, Kerny Broussard, Dickie Hebert, Jeanette Pellerin, Larry Thibodeaux, James Domingue, Donna Melancon, Dorsy Brasseaux, Dalton Broussard, Roland Guidry, Vienna Mae Marks, Horace Guidry, Ray Pellerin, A. P. Dupuis, Dianna Melancon, Curtis Guidry, Betty Jo Young, Jo Jo Guidry, Yvonne Thibodeaux, Jerome Mouton, J. C. Tabor, Burnell Martin, Clifford Hebert, Jason Dupuis, Rufus Hebert, Clifford Mouton, Edwin Hebert, Patsy Green, Faye Guidry, Richard Broussard, Charlene

Theriot, P. J. Hebert, Janice Nepveu, Erline Begnaud, Arthur Broussard, Rose Angelle, Irene Delhomme, Judy Thibodeaux, Joan LaRue Hebert, Rochelle Roberts, Dianne Domingue, Russel Peltier.

The chaperones are: Mrs. Harry Greig, John Breaux, Earl Hollier, Mr. and Mrs. Frank Guidry, Mrs. Percy Broussard, Mrs. Claude Guidry, Mrs. Felix Pellerin, Mrs. Dalton Broussard, registered nurse.

Others in the group include: Miss Julie Cormier, Mrs. B. D. Champagne, Marine Guidry, Mrs. Leo Delahoussaye, Miss Louise Castille, Miss Simone Castille, Mrs. Francis Broussard, Miss Linda Conrad, Hemby Morgan, Mrs. Odile B. Clause, Miss Mary K. Clause, Miss Carolyn Clause, Mrs. Whitney Hebert, Mrs. James Thevenet, Mrs. Chester Broussard, Mr. and Mrs. Sanders Delhomme, Jerry Delhomme, Leon Breaux, Miss Laure Lee Dauterive, Mr. and Mrs. Randall Bulliard, Miss Jacqueline Ann Tabor, Mrs. Roger Ketelers, Mrs. H. Guillory, Miss Mary Louise Hebert, Mrs. Percy Cormier, Ricky Cormier, Mrs. Frank Patin, Mr. and Mrs. Harris Pellerin and son Junior, Mrs. Maude D. Dupuis, Mrs. Claude J. Dauterive, all of Breaux Bridge, La.

Mr. and Mrs. J. J. Arceneaux, Opelousas, La.

Mrs. J. E. Narreau, Mrs. James Gauthier, Mrs. Willie Fournet, all of St. Martinville, La.

Miss Isabelle Guidry, of New Iberia, La.

Miss Mary Ann Domingue and Miss Louise Sonniraer, both of Scott, La.

Jimmy Benoit, of Welsh, La.

Mr. and Mrs. Lionel Thibodeaux and Mrs. John Gorr, all of Lafayette, La.

Mr. and Mrs. Terrel Thibodeaux, Lake Charles, La.

Texas is also represented in the group by Mrs. Victor Bush, Miss Patsy Bush, and Robert Bush, of Brownwood.

Schenck To Confer With Residents of His District

EXTENSION OF REMARKS
OF
HON. PAUL F. SCHENCK
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. SCHENCK. Mr. Speaker, it is my great honor and privilege to represent the people of the Third Congressional District of Ohio here in the Congress of the United States. As their Representative, I have always tried to maintain a close contact personally with them and their opinions on the many important issues confronting us.

The Third District of Ohio is not only the largest one in Ohio and the fifth largest one in the United States, but is also very important from other points of view. Our beautiful Miami Valley has made and is making many outstanding contributions to our Nation and to the world. It is the birthplace and cradle of aviation and within it many important scientific, manufacturing, and agricultural developments are taking place daily. Our citizens are well recognized for their expert and skilled abilities. We have a truly cosmopolitan congressional district because we have all phases of science, manufacturing, and agriculture represented to an unusual degree.

Since becoming their Representative in Congress I have considered it my duty to not only be well informed of their opinions, but also to be of greatest possible service to each and every person in our Third District who has a personal problem with some department or agency of our Federal Government. I, therefore, initiated the idea of holding grassroots conferences throughout the district 3 years ago and have continued to hold them each year during the time Congress is in adjournment. I also opened a full-time Congressional Service Office at 1219 Third National Building in Dayton, where I can confer with people personally at such times as my official duties permit me to return to the district. At all times when it is necessary for me to be in Washington attending to my legislative and other official duties, a competent secretary is in charge of my District Congressional Service Office to assist anyone in the preparation of requests for me to assist them in their personal problems with the various Federal governmental departments and agencies. Thus I have sincerely tried to not only represent the opinions and desires of all the people in our very important Third District to the best of my ability, but I have also made every effort to serve them.

Members of Congress are called upon to deal with legislation covering a vast amount of subject matter dealing with both national and international subjects which affect the lives of each and every citizen to an unbelievable extent. These personal conferences help me to serve them in a much more effective manner.

Again this year I will take time during the period of our official congressional recess to hold conferences with the people of my congressional district in the courthouses and city halls of a number of our communities.

This is the schedule I have established:

Hamilton: Courthouse; September 7 and 8; 9 a. m. to 4 p. m.

Miamisburg: City building; September 9; 4 p. m. to 8 p. m.

Germantown: City building; September 10; 4 p. m. to 8 p. m.

Brookville: City building; September 11; 4 p. m. to 8 p. m.

Dayton: Federal building, room 203; September 13 and 14; 9 a. m. to 4 p. m.

Middletown: American Legion; September 16 and 17; 9 a. m. to 4 p. m.

Oxford: Municipal building; September 18; 4 p. m. to 8 p. m.

It is surprising how much can be accomplished when a citizen and his Congressman can sit down and talk over national and personal problems.

No appointment is needed, and I urge any individual or group to meet with me on the date most convenient to them. With the knowledge thus obtained, I know I will be better able to truly represent the people of my district in the Congress of the United States.

Well-Deserved Tribute to Former Congressman Maurice H. Thatcher, Only Surviving Member Isthmian Canal Commission

EXTENSION OF REMARKS
OF
HON. JOHN M. ROBSION, JR.
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. ROBSION. Mr. Speaker, one of my predecessors in Congress from the Louisville, Ky., District was Hon. Maurice H. Thatcher, 1923–33. Upon the formal presentation and dedication—on March 31 last—of the memorial monument to Gen. George W. Goethals, chairman and Chief Engineer, of the Isthmian Canal Commission from 1907 to 1914, during the construction period of the Panama Canal, Mr. Thatcher took part in the formal program at Balboa, Canal Zone. The Commission had charge of the work of building the canal.

Mr. Thatcher is the only surviving member of the Commission, and during the years 1910–13, he served as such commissioner and also as head of the Department of Civil Administration—Governor—of the Canal Zone. He and Mrs. Thatcher were in attendance on the indicated occasion as guests of the Canal Zone Government.

In his Isthmian post, Mr. Thatcher discharged his duties with efficiency and fidelity and did much to build up good relationships between the United States and the Canal Zone with the Government and people of the Panamanian Republic. On their recent visit to the isthmus—following a lapse of more than 21 years since their visit in January 1933, while he was yet in Congress—both were received in the Canal Zone and Panama with the greatest welcome and esteem. There were a number of old-timers in similar attendance at the dedication exercises—men and women who had been employed or lived on the isthmus during the canal-construction era.

As the sole surviving member of the Isthmian Canal Commission, Mr. Thatcher constituted an important link with the construction period; and afterwards, during his five terms in Congress, and subsequently, he has done much for the benefit of his fellow old-timers in helping to bring about legislation for annuities and benefits in their behalf, and related matters. Socially, also, he and Mrs. Thatcher, in the years of their Isthmian life, were widely known for their fine hospitality, and their attractive residence in the Canal Zone, at Ancon, was indeed a tropical Kentucky home. In the course of his remarks—which were warmly received by the large open-air assembly at the dedication exercises mentioned, he took occasion to express high praise of all the builders of the great Isthmian ocean link—from the highest to the least, and from the least to the highest—declaring that during the construction period of the canal, "the recording angel must have worked overtime in noting the outstanding serv-

ices of all those who had been thus engaged." In the course of his remarks he presented awards to the two winners of the contests, in the senior high schools and the junior high schools of the Canal Zone, for the best essays on the life of General Goethals. Two student girls were the successful contestants, respectively Miss Mary Abele in the first category, and Miss Carolina E. Zirkman in the second. Each prize was a $25 United States savings bond.

Under leave accorded me, I am including as a part of these remarks news stories which appeared in the Star and Herald of Panama City, during the indicated celebration, as follows:

[From the Panama City Star and Herald of March 30, 1954]

THATCHER MAINTAINS INTENSE PERSONAL INTEREST IN CANAL

Although his direct connections with the Panama Canal were severed over 40 years ago, Maurice H. Thatcher, member of the Isthmian Canal Commission from 1910 to 1913, has maintained his intense personal interest in Isthmian affairs throughout these years.

He and Mrs. Thatcher, who now live in Washington, D. C., will arrive by plane Tuesday afternoon to participate in the Goethals Memorial dedication ceremonies this week. Mr. Thatcher is the only surviving member of the group of men on whose shoulders rested the responsibility for the successful completion of the Panama Canal.

Although he was born in Chicago, Mr. Thatcher is known as a Kentuckian. He grew up in Kentucky and was practicing law in Louisville when he was appointed to the Isthmian Canal Commission after his fellow Kentuckian, Jo. C. S. Blackburn, resigned in 1910. He became a member of the I. C. C. April 12, 1910, and served until his resignation August 8, 1913, during which time he was head of Civil Administration in the Canal Zone.

Mr. Thatcher served 10 years from 1923 to 1933 in the United States House of Representatives from the Fifth Kentucky District. During his service in Congress he devoted his interests chiefly to welfare, public parks, and highways, Pan American and Panama Canal affairs, and to the promotion of domestic and foreign airmail service.

His congressional service is best known on the Isthmus as author of the legislation for the establishment and maintenance of Gorgas Memorial Laboratory in Panama, and for the construction of the ferry facilities and highway which provide the direct traffic link between the city of Panama and the interior of the Republic. The highway and ferry were named in his honor when completed.

The construction of Thatcher Highway and ferry was one of the major public improvements made in the Canal Zone during the 1930's. When Congressman and Mrs. Thatcher visited the Isthmus early in 1933 he was given a warm official welcome by the Republic of Panama.

The City Council of Arraijan voted to give him a plot of ground in that picturesque village as a token of their appreciation for the highway through the town, in addition, a special tour to the interior was arranged in his honor by various Panama organizations. Official and civic organizations participating included the Junta Central de Caminos. Panama Automobile Club, Rotary Club, and the Panama Federation of Highway Education.

High officials invited to attend the public demonstration for the Congressman included President Harmodio Arias and his cabinet, and Governor Julian L. Schley and many Canal officials.

Mr. Thatcher's personal interest in Isthmian affairs has continued since his congressional service. He was one of the principal supporters of the so-called "Old Timers" legislation which provides for an annuity for civilian employees who served during the Canal construction period. He was also the attorney in the test case in which the court of claims ruled that the annuities were not subject to income tax.

Mr. Thatcher is a prolific writer and has been a frequent contributor to newspapers and other publications. He is particularly well known for his poetry, much of which deals with the canal and the people who built it or operate it. Many of his poems and other contributions have been published locally.

The former member of the Isthmian Canal Commission has been the recipient of high honors from many Latin American nations because of his friendship and interest in their progress. Among the honors which have been accorded him is the Vasco Nuñez de Balboa medal in the rank of Comendador from the Republic of Panama, and decorations from both Venezuela and Ecuador.

[From the Panama City Star and Herald of April 2, 1954]

TOWNSMEN AT ARRAIJAN HONOR M. H. THATCHER—FORMER ICC MEMBER AND CONGRESSMAN VISITS STAR-HERALD PLANT

The Honorable Maurice H. Thatcher, former member of the Isthmian Canal Commission now visiting here in connection with the Goethals memorial ceremonies, was honored yesterday by the people of the town of Arraijan on the Canal Zone border at the terminal of Thatcher Highway.

It was the second time that Mr. Thatcher had been so honored by the people of that Panamanian town who on a previous visit had similarly welcomed him and set aside a lot within the town's limits as their recognition for the many benefits they had received from Mr. Thatcher's efforts while a Member of the United States Congress.

Upon returning from his visit to Arraijan, where he was accompanied by his wife, Mr. Thatcher called at the Star and Herald offices where he was received by members of the management and editorial staff of this paper, with which the canal oldtimer and former Congressman maintained close and very cordial relations during the time of his service here, which were continued uninterruptedly after his retirement from isthmian activities.

Mr. and Mrs. Thatcher were shown around the Star and Herald's plant and expressed themselves as deeply impressed with the progress and development noted since their last visit.

La Estrella de Panama—the Spanish language counterpart of the Star and Herald—on April 1, 1954, carried an editorial which paid high tribute to Mr. Thatcher; and its English translation—as it appeared on the following day in the Star and Herald—follows:

REUNION OF OLD FRIENDS

In a recent editorial, we discussed the vigorous and extraordinary personality of Col. George W. Goethals, who directed the construction of the interoceanic canal in Panama and was chairman of the Isthmian Canal Commission. In it we set forth the achievement of this man of superlative genius and will, to whose memory a monument has been erected in the Canal Zone.

Today we want to convey a heartfelt greeting to the hundreds of former officials and employees of the canal, who left our shores many years ago to scatter in their own country and who just a few days ago met again under Panamanian skies to pay their tribute of homage to the builder of the interoceanic canal.

Linked to the canal enterprise for a long time through various offices, jobs, and positions, they left our shores, thinking perhaps that theirs would be a permanent absence. Yet, let the unforgettable name of Col. George W. Goethals—so closely linked to their memories—be invoked for the tribute it so justly deserved, and here we have again on Panamanian soil many men whose labor over the years wrote a large portion of the history of the canal.

Among them is Maurice H. Thatcher, who headed the Department of Civil Administration in the early canal days. He has returned to Panama, where he is remembered and loved, to clasp friendly hands and to receive spontaneous expressions of affection, which bespeak clearly that our country has not forgotten his work as a "good neighbor" even in the days when the "good neighbor policy" was something unknown. And like Mr. Thatcher, there are hundreds of former employees of the canal back in Panama to whom we convey our most sincere greeting.

For, having turned the corner of the first century ourselves, having carried in our pages the account of the great canal enterprise, from the first attempt to its successful culmination, there have appeared in our columns the names of Americans who have returned to our country to reminisce over times gone by and to find out for themselves how friendships formed years ago are still in bloom.

May their return to Panama be a pleasant experience for these canal old timers, many of whom we are proud to call our friends. That is our sincere wish. And may they feel that, despite time and the great material changes that they have found, Panamanians have kept faith with them. For all of them—whose names are too numerous to mention, but which are ever in our mind—our cordial greeting and the expression of our lasting affection.

The Star and Herald, by the way, has a lineage of 105 years, dating back to something like 1849 when the construction of the Panama Railroad across the isthmus was begun. It is an outstanding daily newspaper of Central America, and its editorial policy, through the years, has done much to promote good relations between Panama and the United States. It has long been an effective antagonist of communism and has vigorously opposed its infiltration into Latin American countries.

In addition, I include an article which appeared in the Panama Canal Review, the official organ of the Panama Canal Company and the Canal Zone Government, dated April 2, 1954, with reference to Mr. Thatcher's participation in the Balboa ceremonies already mentioned:

Attending the Goethals Memorial dedication ceremonies this week is one of the central figures of the canal construction period and one of the most enthusiastic alumni of the canal organization.

He is Maurice H. Thatcher, member of the Isthmian Canal Commission from 1910 to 1913 and head of the civil administration in the Canal Zone during that period.

Mr. Thatcher is as well known and famous in Panama as in the Canal Zone as Thatcher Highway and Ferry, the link to the interior of the Republic, is named in his honor. He was author of the legislation authorizing the highway and ferry.

He has followed news of the isthmus with intense interest since leaving the Canal Zone over 40 years ago to return to his native State of Kentucky and become United States Representative from the Fifth Congressional District. His lively interest in isthmian affairs was recently demonstrated when he participated in the formal opening of the "50 Years of Friendship" exhibit in the Library of Congress.

Mr. Thatcher, the only living member of the Isthmian Canal Commission, has made his home in Washington, D. C., for many years. He is a poet of note and has written many poems relating to the Panama Canal and the men and women who work for it.

In this general connection it should be noted, also, that in Congress Mr. Thatcher brought about enactment of the legislation establishing the Gorgas Memorial Laboratory in the city of Panama, and maintained and operated by Federal funds. The laboratory is doing splendid humanitarian service in research work, with respect to yellow fever, malaria, and the many other diseases of the tropics—both human and veterinary. Its fame is worldwide. Mr. Thatcher, following his retirement from Congress, became vice president and general counsel of the Gorgas Memorial Institute of Tropical and Preventive Medicine, which has supervision of the laboratory. These services—invaluable in character—he renders without compensation, and purely as a contribution to Isthmian and international welfare.

Then I would add an editorial article which appeared in the Jeffersonian, published in my congressional district, at Jeffersontown, in Jefferson County, Ky., on May 28, 1954; and of which Mr. Carl A. Hummel is editor, and Mr. Thomas R. Jones is publisher. It is one of the best county newspapers in the entire State.

CANAL ZONE HONORS FORMER GOVERNOR

This year, 1954, being the 50th anniversary of the independence of Panama, and of the acquisition by the United States Government of the Canal Zone, celebration rites of these historic events are being appropriately observed. A memorial shaft, to the memory of Gen. George W. Goethals, has been erected and was dedicated on March 31, in Balboa at the foot of the grounds of the Canal Zone Government's Administration Building. General Goethals was chairman and chief engineer of the Isthmian Commission.

Former Congressman Maurice H. Thatcher, from this Kentucky district, was also a member of the Commission, as well as Governor of the Canal Zone. The present Canal Zone Governor, Gen. John S. Seybold, extended to Mr. and Mrs. Thatcher, now residing in Washington, D. C., a formal invitation to visit the Isthmus as guests of the Canal Zone government. Governor Thatcher was one of the principal participants in the ceremonies dedicating the Goethals memorial.

The Thatchers were among other distinguished guests at the dedication to fly from Washington to the Pacific side of the Canal Zone on March 30, making the nonstop flight of 2,100 miles in 8½ hours. Among the other passengers were United States Senator ALEXANDER WILEY, of Wisconsin, and George N. Roderick, Assistant Secretary of the Army, and their wives. Governor and Mrs. Seybold, with other officials met the plane and welcomed the guests.

Ancon, adjacent to the city of Panama, was the first home of the Thatchers following their marriage in Frankfort, Ky., on May 4, 1910.

At the dedicatory ceremonies, Mr. Thatcher spoke and awarded prizes to student girls, winners in contests conducted in junior and senior high schools of the Canal Zone for essays on the life of General Goethals.

Following his tenure in the Congress, Mr. Thatcher was chosen vice president and general counsel of the Gorgas Memorial Institute of Tropical and Preventive Medicine, which supervises the Gorgas Memorial Laboratory. Through the years he has rendered constant and valuable gratuitous service relative to the operation and maintenance of the laboratory.

The ferry across the Canal bears the name of "Thatcher," as well as the highway across the Canal Zone strip, both of which constitute links in the Inter-American Highway System. Many were the courtesies and the honors extended Mr. and Mrs. Thatcher on their visit to the Canal Zone, not only by the Zone officials but by the general public as well, who turned out en masse to greet them and to take part in parades and other festive occasions.

The party returned to Washington from the Canal Zone on April 2, in time to attend, on the following day, the crowning of a Kentucky girl, Miss Frances Mae Fisher, as queen of the cherry blossom festival.

During their recent brief stay on the isthmus, Mr. and Mrs. Thatcher received various courtesies. Thus he was presented with a scroll-letter of appreciation by the Panama Canal West Indian Employees Association, in appreciation of his effective services in their behalf through the years; and a demonstration was accorded both of them by the inhabitants of the town of Arraijan, in the Republic of Panama, in appreciation of Mr. Thatcher's services in Congress, which brought about the enactment establishing the ferry across the Panama Canal at Balboa and the construction of the connecting highway from the western terminus of the canal to the Canal Zone-Panama boundary line. The ferry and highway brought liberation from complete isolation to Arraijan and its residents have been grateful because of this. In January 1931, they presented a lot to him as a token of gratitude. At the recent demonstration, he gave the lot back to the town for use as a children's playground, and pledged a substantial contribution for playground equipment. The municipal officials of Arraijan have named the lot Parque Thatcher.

I am sure that the many friends of Mr. Thatcher—some of them his colleagues in this Chamber, yet serving here—and Mrs. Thatcher, will join me in extending to them heartiest congratulations upon these pleasing honors accorded them; and in wishing them many more years of health, strength, and useful endeavors.

Touching the reference in the Panama Canal Review article to poems written by Mr. Thatcher relative to the Panama Canal, and the men and women who work for it, a conclusion of these remarks may well be made by adding his fine tribute, in verse, to these workers, first published in the Star and Herald in its historic edition in commemoration of the 25th anniversary—August 15, 1939—of the formal opening of the canal to world traffic:

BUILDERS OF THE PANAMA CANAL

(In commemoration of the 25th anniversary of the formal opening)

(By Maurice H. Thatcher)

There were workers great, and workers small—
As judged by rank—in the enterprise;
But glory enough there was for all,
And each was great to seeing eyes.
Let Fame take care that her Scroll be just,
And give to each his meed of praise,—
Else, out of the ashes and the dust,
The Shade of Censure shall upraise.

A laud for the work of the first gold men
Who toiled and wrought and strove, amain,
To dig the ditch. They began it when
Old Yellow Jack, and the blight and bane
Of Chagres Fever, took starkest toll.
They came, enlisted, and ventured all;
And wrestled death, with body and soul,—
To linger, these—and those, to fall.

Another fever filled blood and bone
Of all, throughout. Its currents run
Until, within the stretch of the zone,
The last lone yard of the link was done:—
A fever, absorbing in the fire
Which single zeal forever brings;
A fever which always must inspire
That strength from which great action springs.

From a boundless field from which to choose—
The ablest Uncle Sam could find,—
Were here assembled: steam-shovel crews,
And engineers of ev'ry kind;—
Designers, trainmen, inventors rare;
Dredgers, foremen, mechanics skilled;
Electrical wizards;—and, ev'rywhere,
The art to do what the blue-prints willed.

Whate'er the call, whatever the task,
Each one strove for a single end;
So fair his service that none could ask
Better result, or aught amend.
He reamed the hole, and the bolt sent home;
He mixed the parts, and filled the form;
Into cores he pumped the silt and loam;
And wavered not in sun or storm.

The dirt he hauled from the deepest cut;
Reclaimed tidelands in manner vast;
He "toed" the dams with the huge output
Of spoil of shovel and slide and blast.
He dredged the channels in sea and lake,
And built the bounds of dock and lock;
Upreared the spillways and each intake,—
And planted all on the solid rock.

He lent the sleight of his brain and hand
To do all things the goal required;
All things designed, and each thing planned,
Till naught was left to be desired.
The strengths of nature—both seen and hid—
He put in bonds to do his will;
And today, as then, as they are bid,
They work the wonders of his skill.

For the silver groups—a word or two;
For those of ev'ry race and soil:
Theirs were the humbler tasks to do;
They bore the brunts of periled toil.
In loyal spirit they labored here,
Through all the great, eventful days;
They met all duty devoid of fear,
And earned their bit of deathless praise.

And back of all was the Gorgas Squad,
To hold the bitter plagues at bay;
With stern Hygeia's miracle rod,
Swift were the scourges swept away.
Strange things were done with a sturdy grace,
Until in Isthmia all was well;
Death's haunt became an abiding place
Where the non-immune might safely dwell.

America's mood was here maintained;
All civil functions carried on;
Orderly government ruled and reigned,
And codes to fit all needs were drawn;
And homes were made, and society
Was much the same as the homeland brings;
Here, men and women and children, free,
Lived in the midst of mighty things.

Executives, judges, and Q. M. D.'s;
Teachers and clerks, firemen, police;
Nurses and doctors; and more like these,
Bewrought, each one, his separate piece
Of the finished whole. Their toils, no less
Than those of the workers, "skilled" and "raw,"
Were full required for the job's success:
All were impelled by the selfsame law.

The mountains moved, and the waters rose;
And faith, at last, fulfilled her dream:
Lake, lock, and channel—the whole world knows—
Attest the worth of a hope supreme!
The ships now shuttle from shore to shore:
Up, up, and up—and thence straight on;
Then three times downward—and on, once more—
Into the sunset or the dawn!

All were as one; and they strove and wrought
To shape the passage to the Ind.
In terms of life it was dearly bought;
In money, cheap. The ranks are thinned
By time and death; but the deed they did
Excels all others of like and kind;
Its strength and virtue cannot be hid:
It lives—all tongues and lands to bind!

Protecting the Nation's Health

EXTENSION OF REMARKS
OF
HON. A. L. MILLER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. MILLER of Nebraska. Mr. Speaker, last week the House agreed to the Senate amendment to H. R. 7125 and sent the bill to the President for signature. There was little ballyhoo about it. The radio, press, and television gave it little play.

H. R. 7125 deals with pesticides—not a very interesting subject even though it is used or affected by nearly everybody. The primary purpose of the bill is to protect the public health. It reaches that end by providing that no pesticide may be placed on the market until a tolerance for the product has been established by the Department of Health, Education, and Welfare.

Under existing laws, a tolerance need not be established before the product is placed on the market. This is evidenced by the fact that only 1 tolerance has been established even though there are about 40,000 different pesticides on the market.

In other words, no one knew how dangerous those which did not have a tolerance were to the public health.

Under H. R. 7125 we would know and the consumer would be assured that he was not being poisoned unknowingly.

As for the farmer, he will be able to use the pesticide on his product without the fear of having his year's work confiscated as being adulterated or deleterious and injurious to public health by the Food and Drug Administration. Records show that entire crops have been confiscated because the chemical residue was too great.

Industry will be able to assure the farmers that if they use their product according to the directions it will greatly eliminate the losses due to pests. These losses are estimated at over a billion dollars a year.

Besides requiring that a tolerance be established prior to marketing, the bill sets up a workable procedure in establishing a tolerance. Under the present law, lengthy public hearings must be held and too often they have become so long and drawn out that they are not workable. This is borne out by the fact that despite 2 years of hearings, costing millions of dollars, only 1 tolerance was established.

The Select Committee To Investigate the Use of New Chemical Additives in Foods, Drugs, Cosmetics, and Pesticides, of which I was a member, found during the 81st and 82d Congresses that legislation along this line was sorely needed. As a medical doctor, I was a little disturbed with what I learned and was determined that legislation should be introduced to plug the leak in our public health laws.

I am most happy that Congress has passed this legislation and am quite confident the President will soon sign it into law.

Area Job Total Drops—Summer Gain Unlikely

EXTENSION OF REMARKS
OF
HON. MELVIN PRICE
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. PRICE. Mr. Speaker, when I picked up my hometown newspaper, the East St. Louis Journal for June 22, I was greeted with a headline: "Area Job Total Drops—Summer Gain Unlikely." I was struck by a number of facts related in the story, which was based upon an interview with C. R. Hughes, manager of the East St. Louis office of the Illinois State Employment Service.

Mr. Hughes said that unemployment in East St. Louis had climbed to 6,200 during May, an increase of 700 over the level on March 15 of this year.

We may recall that March was announced by the President as the month which would be the key to Federal action to relieve the stress of unemployment. March came and went, and now in my hometown, at least—and I do not think we are very much different than anyplace else—unemployment is almost 13 percent higher than it was in March.

The question is, Where is the antirecession program of the administration? Those 6,200 unemployed in East St. Louis, together with other millions of unfortunate would-be wage earners throughout the land have been looking in vain for such a program.

The best they have had were statements, along in mid-March that April would be the month to look at, since a late Easter would delay the hypodermic of the new bonnet trade. Easter has long since passed; we are now in summer, and still there is no program; unless we call the recent easing of credit a program. However, the easiest credit in the world is of little value to a man who has no job, and a hungry family to feed.

There was another very pertinent fact in Mr. Hughes' report. He said new job opportunities were nonexistent, since all local firms had a large backlog of laid-off workers with call-back rights. The 600 or 700 high-school graduates and returning college students were expected by Mr. Hughes to swell the May unemployment total.

This analysis has been made by an employee of the State of Illinois, where the administration is run by the Republicans, so we can hardly kiss off his remarks as the words of a "prophet of doom and gloom." We must accept them as proven facts, and we must accept his analysis as that of one who knows whereof he speaks.

The reference to the lack of new job opportunities is highly significant because it points up the utter fallacy of the view taken by the Secretary of the Treasury, who says he is satisfied with a "second best" year, and who insists that it is not necessary to break records always in order to have prosperity.

What does a "second best year"—which seems to make Mr. Humphrey very happy—mean? It means that a number of persons who were employed in the "best year" are not working. It also means that new members of the labor force—the 600 to 700 referred to by Mr. Hughes in East St. Louis and an estimated 700,000 each year for the Nation as a whole—are denied job opportunities.

We have heard a very great number of words spoken by administration officials, Members of the Congress, and others about the sacredness of the right to work. Of course, these words have always referred to legislation designed to break the back of organized labor. But what about the right to work of these new members of the labor force? Is not that a sacred right; a sacred right which is callously rejected by the smug satisfaction with a second best year?

Our national economy must be expanded by from 3 to 5 percent every year if we are to provide jobs for all those who want to work; and we must provide jobs for them if we are to sell our gross national product. Anything less than such an expansion will mean that the second best year will be followed by a third best, and then a fourth best, and the spiral of unemployment will roll onward and upward to a point where the depression which followed the crash of 1929 will seem like heavenly prosperity.

Unless we provide such an expanding economy, we must admit and accept failure and defeat, not for ourselves but for our way of life and for our system of free enterprise. This we cannot do, for there is another evil system poised and ready to take over if we fail.

I include the article from the East St. Louis Journal as a part of my remarks:

AREA JOB TOTAL DROPS—SUMMER GAIN UNLIKELY

East St. Louis area employment has dropped, with no probability of an upturn during the rest of the summer.

"The impact of production curtailment in the metals industry forced employment in the East St. Louis area down by 75 at the 92 reporting firms during a 60-day period ending May 15," said C. R. Hughes, manager of the East St. Louis office of the Illinois State Employment Service.

Seasonal employment rises in commercial fertilizers totaled 200; in the stone-clay-glass industry, 175; in roofing mills, 100; and scattered gains in other industries, 100. These gains, however, failed to offset a drop of 650 in the metals fields.

The May employment total for the 92 firms reporting was 22,443 or 2,250 less than May 1953.

Hughes said job opportunities have decreased materially in the past 60 days and unemployment has climbed to 6,200, about 700 above the March 15 level. New hiring will be limited for the next 2 months as most major firms have a pool of laid-off workers with call-back rights. The 600 or 700 high-school graduates and returning college students also will tend to swell the already unemployed group.

According to Hughes, manufacturing employment is expected to level off at current figures and in general remain stable. Potential construction expansion could raise nonmanufacturing employment to a somewhat higher level than anticipated.

Hughes said that information provided by local employers shows that employment will continue at a gentle decline during the next 60-day period. Heavy seasonal layoffs in the commercial-fertilizer industry, coupled with pessimistic employment forecasts in the metals industry, preclude the possibility of any overall employment rise in the next 2 months, he added.

Almost every major firm in the area has a pool of laid-off workers with call-back rights, according to Hughes. Industrial job openings for vacation workers practically are nonexistent this year.

Hughes said the overall outlook for the area is for a leveling off in the downward employment trend, with some degree of stabilization near present levels by midsummer.

Section-by-Section Analysis of H. R. 8356, a Bill To Provide for Reinsurance of Health Service Prepayment Plans

EXTENSION OF REMARKS
OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. WOLVERTON. Mr. Speaker, it is my understanding that H. R. 8356, a bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, under the rule granted today, will probably be brought before the House for consideration on Tuesday, July 13. Because of this fact it seems appropriate that I should submit for the benefit of the membership of the House a section-by-section analysis of the bill.

The bill provides for the establishment of a health reinsurance program in the Department of Health, Education, and Welfare. The short title of the act is "Health Service Prepayment Plan Reinsurance Act." However, it is often referred to as the health reinsurance bill.

The following is my analysis, by sections, of the bill reported to the House from the Committee on Interstate and Foreign Commerce, July 9, 1954:

ANALYSIS OF PROVISIONS OF H. R. 8356

TITLE I. GENERAL

Section 1, short title of bill.

Section 2, declaration of purpose: "To encourage and stimulate private initiative in making good and comprehensive health services generally accessible on reasonable terms, through adequate health service prepayment plans, to the maximum number of people, (a) by providing technical advice and information, without charge, to health service prepayment plans and to the carriers or sponsors thereof; and (b) by making a form of reinsurance available for voluntary health service prepayment plans where such reinsurance is needed in order to stimulate the establishment and maintenance of adequate prepayment plans in areas, and with respect to services and classes of persons, for which they are needed."

To reaffirm the congressional policy opposed to Federal regulation of insurance, the committee added the following:

"Nothing in this act shall be construed to authorize any action inconsistent with the policy and provisions of the act entitled 'An act to express the intent of the Congress with reference to the regulation of the business of insurance,' approved March 9, 1945 (59 Stat. 33), as amended (15 U. S. C. 1011–1015)." (The so-called McCarran Act.)

Section 3, definitions:

The principal definitions in this section deal with "beneficiary," "carrier," "health service prepayment plan," and "personal health services."

The term "beneficiary" means an individual to whom a carrier, pursuant to a health service prepayment plan, undertakes (1) to pay in whole or in part for specified personal health services furnished to him by others, or (2) to provide specified personal health services.

The term "carrier" means an organization, other than an instrumentality of a State or political subdivision thereof, which is sponsoring or is engaged in providing protection under insurance policies or subscriber contracts, or operating under a health service prepayment plan.

The term "health service prepayment plan" means a plan under which a carrier undertakes to pay for or to provide personal health services to specified beneficiaries or classes of beneficiaries.

The term "personal health services" includes any services rendered to individuals by licensed health personnel or, under the supervision of such personnel, by auxiliary personnel for the improvement or preservation of physical or mental health or for the diagnosis and treatment of disease or injury; the use by such licensed or auxiliary personnel of any and all apparatus or machines designed to aid in the diagnosis or treatment of disease or injury; the provision of bed and board in general or special hospitals, convalescent homes, nursing homes, sanatoria, or other institutions licensed or designated as such by a State when care in such institutions is prescribed by such licensed personnel; the provision of drugs and machines, dressings and supplies, prostheses and applicances (including eyeglasses), when prescribed by such licensed personnel; and ambulance service.

The definition of the term "carrier" is intended to make clear, in conjunction with the definition of the term "health service prepayment plan" that all kinds of plans using the prepayment method in the provision of personal health services or in payment or reimbursement for the cost of such services fall within the scope of the bill and may be considered for reinsurance. This would include, for example, insurance companies' plans offering protection under insurance policies, corporations or associations, such as the typical Blue Cross plan, undertaking in subscription or membership contracts to provide services through providers of such services (with whom, frequently, the carrier has directly or indirectly a contract or arrangement, in which case the contract or arrangement is considered a part of the plan), and prepayment plans of the direct-service type, such as those offered by medical cooperatives offering personal health services primarily through their own staff and facilities, as well as groups of physicians undertaking to furnish medical care on a prepayment basis.

Section 4, National Advisory Council and other committees: This section establishes within the Department of Health, Education, and Welfare a National Advisory Council on Health Service Prepayment Plans, consisting of 12 members appointed by the President. The Council is charged, under section 4 (b), with the duty of advising, consulting with, and making recommendations to the Secretary on matters of policy relating to the activities and functions of the Secretary under the act. Under section 4 (c) the Secretary is also authorized to utilize the services of any member or members of the Council for advisory or consultative purposes in connection with matters related to the administration of the act and may also appoint special advisory committees and utilize the services of any member of such a committee for such purposes. Section 4 (d) provides that members of the Council and of other advisory and technical committees shall receive per diem and travel expenses.

Section 5, consultants: Authorizes use of expert consultants or organizations thereof.

Section 6, utilization of other agencies: In addition to authorizing utilization of other Federal agencies, or of any other public or nonprofit agency or institution, section 6 provides for utilization of State agencies supervising carriers, especially in determining compliance with requirements and standards prescribed by the Secretary for reinsurance.

Section 7, voluntary and uncompensated services: Authorizes Secretary to use volunteered or uncompensated services of outside individuals or groups.

Section 8, exemption from conflict-of-interest statutes: Provides a limited waiver of certain conflict-of-interest statutes for members of the Advisory Council and for special consultants used in an advisory or consultative capacity.

Section 9, regulations: Authorizes Secretary to promulgate necessary regulations. Prohibits any Federal supervisory or regulatory control over carriers, or over hospitals, other health facilities, or personnel furnishing health services.

Section 10, disclosure of information: With narrow exceptions, disclosure of information gained as result of operation of program is specifically prohibited.

TITLE II. TECHNICAL AND ADVISORY SERVICES

Section 201 authorizes studies and the collection of information on health service prepayment plans, and the distribution of such information as is developed.

Section 202 authorizes appropriations for the purposes of title II.

TITLE III. REINSURANCE OF HEALTH SERVICE PREPAYMENT PLANS

Section 301, authority to reinsure:

Section 301 (a) authorizes the Secretary, subject to the provisions of this title and to such terms and conditions as may be prescribed under the authority of this title, to reinsure carriers with respect to health service prepayment plans if the Secretary, after consultation with the Council, determines that reinsurance with respect to any kind or type of health service prepayment plan upon terms and conditions and at premium rates comparable to those offered pursuant to this title is not available from private sources to an extent adequate to promote such purposes.

Section 301 (b) limits Federal reinsurance to that part of a plan that is not otherwise reinsured.

Section 302, applications for reinsurance:

Section 302 (a) establishes the bases upon which carriers file applications for reinsurance. The Secretary is authorized to require applicants to furnish whatever infor-

mation may be necessary to evaluate the application.

Section 302 (b) requires applicants to agree to (1) pay reinsurance premiums; (2) comply with applicable State laws; (3) make periodic reports; and (4) comply with reinsurance contract.

Section 302 (c) makes such requirements applicable to renewal applications, except as otherwise specified by regulations.

Section 303, terms and conditions of approval for reinsurance:

Section 303 (a) sets forth broad terms and conditions which the Secretary must take into account in granting reinsurance.

After consultation with the Advisory Council, the Secretary may specify by regulation as conditions for reinsurance: (1) The kinds and types of plans eligible; (2) minimum benefits; (3) safeguards against undue exclusions of health conditions or health services, or other undue exclusions or limitations; (4) standards for deductible and maximum liability provisions; (5) waiting periods for benefits; (6) coinsurance provisions; (7) standards for plan provisions with respect to costs and charges of providers of personal health services payable by the carrier, to the extent such standards are necessary to protect the fund against abuses or arbitrary cost increases; (8) standards as to duration, cancelability, and renewability of policies or subscriber contracts; and (9) other policy provisions.

Section 303 (b) requires that regulations prescribed under the authority of section 303 (a) be promulgated only after such consultation by the Secretary with interested groups, including State insurance department officials, as the Secretary deems appropriate.

Section 303 (c) prohibits the Secretary from reinsuring any plan for which the carrier's premium rates are such as to make the plan financially unsound, or any plan with respect to which the carrier's breakdown of its single premium rate, as between reinsured and nonreinsured types of benefit costs, is unreasonable, or any plan if reinsurance of the plan, considered as a whole, would not promote the purposes of the act. In other respects the Secretary would be precluded from setting any standards for the carrier's premium rates.

Section 303 (d) provides safeguards to carriers in the event of changes in the terms, conditions, limitations, etc., prescribed by regulations. Prohibits retroactive regulations.

Section 303 (e) prohibits the Secretary from reinsuring any plan for direct provision of medical or dental services by the carrier through a salaried staff of physicians, surgeons, or dentists in the employ of such carrier, unless control over the practice of medicine or dentistry rests solely in duly licensed members of the professions involved.

Section 304, reinsurance certificate: Section 304 provides that a reinsurance certificate may be granted if: (1) The applicant carrier is operating according to law; (2) there is no reason to believe that the carrier is financially unsound or operating in a manner which does not entitled it to public confidence; (3) the carrier agrees to comply with the terms and conditions prescribed for reinsurance; (4) the plan is sound; (5) the carrier has agreed to the reinsurance premium rate fixed by the Secretary for the plan; and (6) the reinsurance of the plan will promote the purposes of the act.

Section 305: Scope and extent of reinsurance obligation:

Section 305 (a) contains the formula to be used in determining the liability of the reinsurance fund to reinsured carriers. It provides for payment by the fund of 75 percent of the amount by which the carrier's aggregate benefit costs (i. e., "losses" or "claims") exceed the carrier's gross premium income reduced by a predetermined and agreed-upon allowance for administrative expenses of the carrier.

Section 305 (b) provides for an analogous formula to be established in the case of direct providers of health services (e. g., health cooperatives, fraternal organizations, or other group practice prepayment plans) and affiliates of such carriers.

Section 305 (c) defines the scope and extent of the reinsurance obligation for plans that include benefits for other purposes than those specified in the definition of "health service prepayment plan" (sec. 3 (e)) (e. g., disability benefits).

Section 305 (d) establishes basis for reinsurance payments to bankrupt or insolvent carriers.

Section 305 (e) provides for regulations dealing with (1) reinsurance of two or more plans offered by a single carrier, and (2) duration of reinsurance of a new or renewal plan.

Section 305 (f) prohibits retroactive application of new or amended regulations to approved plans if such new or amended regulations are less favorable to the carrier than those theretofore in effect.

Section 305 (g) limits the liability of the United States to the amounts actually in the fund.

Section 305 (h) contains definitions of terms used elsewhere in section 305.

Section 306, premium charges for reinsurance:

Section 306 (a) provides for the Secretary to prescribe reinsurance premium rates, varying in accordance with the hazard involved in any particular plan.

Section 306 (b) requires reinsurance premium rates to remain constant during the current reinsurance term, except under certain circumstances.

Section 306 (c) authorizes the Secretary to prescribe the frequency and time of reinsurance premium payments.

Section 306 (d) provides for paying reinsurance premiums into the reinsurance fund.

Section 307, reinsurance fund:

Section 307 (a) creates in the Treasury a health service prepayment plan reinsurance fund.

Section 307 (b) provides for handling payments into and out of the reinsurance fund, including payments of interest and, beginning July 1, 1959, for administrative expenses.

Section 307 (c) authorizes the Secretary, after consultation with the Council, to establish special accounts within the fund.

Section 307 (d) provides for investment of portions of the fund.

Section 307 (e) establishes basis for the Secretary to transfer funds from the different accounts for administrative expenses.

Section 308, advances to the fund:

Section 308 (a) authorizes appropriation of $25 million to capital advance account in Treasury for repayable advances to fund.

Section 308 (b) provides for repayments to capital advance account from income of fund.

Section 308 (c) provides for annual interest payments to the Treasury on advances to the fund, until advances have been repaid.

Section 309, payment of reinsurance claims:

Section 309 (a) makes provision for carriers to claim reinsurance payments, and establishes basis for United States court action if the Secretary denies a claim.

Section 309 (b) provides for interest payments to carriers on unpaid claims.

Section 309 (c) establishes bases for payment of reinsurance claims, including authority to make tentative payments subject to adjustment after final determination of the claims.

Section 309 (d) provides for payment of reinsurance claims when carriers are involved in bankruptcy or insolvency proceedings; it also provides that distribution of reinsurance payments shall be solely used to satisfy claims of subscribers or policyholders under reinsured plans.

Section 310, involuntary termination of reinsurance: This section provides for the Secretary to terminate reinsurance in accordance with provisions of regulations that have been in effect not less than 90 days.

Section 311, actions by policyholders or subscribers: Provides that individual policyholders have no claim against the fund.

Section 312, appropriations: Authorizes annual appropriations through June 30, 1959, for administrative expenses only incurred under title III. (Thereafter, such expenses will be payable from the fund.)

TITLE IV. MISCELLANEOUS

Section 401, legal powers and responsibilities:

Section 401 (a) provides authority to the Secretary to enforce or settle claims.

Section 401 (b) authorizes Secretary to hold hearings.

Section 401 (c) authorizes Secretary to determine the character and necessity of expenditures out of the fund and the manner in which they will be made.

Section 401 (d) establishes jurisdiction of United States courts.

Section 402, accounting and audits: This section provides for an annual budget program like those for wholly owned government corporations, and for annual audits by the General Accounting Office.

Section 403, annual reports: This section provides for annual reports, including recommendations of the Council (with minority views and recommendations, if any).

Section 404, criminal provisions and injunctions:

Section 404 (a) is a declaration by the Congress of the need to circumscribe advertising by reinsured carriers.

Section 404 (b) requires the Secretary to prescribe safeguards with respect to advertising and other representations by carriers concerning reinsurance under the act. It also provides criminal penalties for violations of this section.

Section 404 (c) provides for legal action by the Secretary in respect to advertising.

Section 404 (d) amends the United States Code as it relates to false advertising.

Section 405, appointments above grade GS–15: This authorizes the Secretary to employ not more than 10 persons in grades above GS–15 to administer the reinsurance program.

Section 406, effective date: Provides for effective date 30 days after enactment, but provides for lag period before reinsurance applications are received or considered.

The National Air Academy

EXTENSION OF REMARKS
OF

HON. W. J. BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. DORN of South Carolina. Mr. Speaker, of course, South Carolina would have been pleased had it been selected as the site of the National Air Academy, but I must commend and compliment the committee and Secretary Talbott for the splendid selection of Colorado. Springs. Colorado is one of the most beautiful States in the Union, and is centrally located, easily accessible from all parts of the United States. The climate and recreational facilities in that immediate area are near perfect for the Academy. I congratulate the people of

Colorado on being selected for the location of our National Air Academy. Also, Mr. Speaker, I wish to congratulate Lt. Gen. Hubert R. Harmon, Gen. Carl A. Spaatz, Gen. Charles A. Lindburgh, Dr. V. M. Hancher, Mr. Merrill C. Meigs, and Secretary Talbott. They had a difficult assignment. They performed this job well and deserve the commendation of the American people.

A New Continent for Less Than a Million Dollars

EXTENSION OF REMARKS
OF
HON. ALFRED D. SIEMINSKI
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. SIEMINSKI. Mr. Speaker, we can take possession of a new continent for less than a million dollar, provided, of course, that, since the Korean war and the diversion in Indochina, Soviet whaling ships and planes have not beaten us to the punch and staked their claims on it.

To our knowledge, no man has seen the new continent in its entirety. No plane has flown across it. No maps have accurately outlined its contours.

The new continent has a land mass larger than that of the United States. Its mineral wealth is reportedly greater than that of any continent.

Strategically, it sits 300 miles south of Cape Horn, across the Drake Strait. It is south of Australia and it is south of Africa. Up to now, one could comfortably assume that South America, Africa, and Australia formed the tripod of the free world, and that so long as they were free, the world would be free.

What would launching platforms for rockets and guided missiles on Antarctica enable an unfriendly power to do to South America, to the United States, to Australia, and to Africa? It could make the sweep of Islam from China to France, through the Mediterranean and across Spain, from the time of Mohammed in 632 to the early Middle Ages, seem like a child's romp.

Once developed by Soviet hands, would the Russians sell the new continent to us as they sold Alaska? Would they give it up without a fight, especially with morality on their side? The Monroe Doctrine does not apply to Antarctica, only to the Americas, North and South. With a valid claim in their hands in Antarctica, the Soviets could become, almost overnight, masters of the world, strategically, militarily, and economically.

There were those who ridiculed the cost of Alaska to Uncle Sam for $7 million. Others said that $15 million for the Louisiana purchase was theft of the taxpayers' money. There might be those who hold that the purchase of a new continent greater than Alaska, greater than the Louisiana Purchase, greater than both, plus Texas and the Far West, for less than a million dollars is madcap folly over an ice cap. There might be, Mr. Speaker, but I doubt it.

If the Congress steps on the gas in this session, Mr. Speaker, while there is still time, it can claim this continent in the next 2 years for less than a million dollars and do it without gumming the works of the Bureau of the Budget on the $13 million appropriation it plans to trot out in 1957 for approval of the Congress to enable an expedition to take readings of the universe from three or four locations in Antarctica. Nice if we can afford the time, Mr. Speaker. But while we gaze at the horizon and cock our ear at the stratosphere, busy ourselves with flying saucers, the diversions of Korea and Indochina, it seems to me that the realists in the Kremlin, like rattlesnakes in the grass, even now, coil for the lunge at our heel, the heel of the free world—South America, Africa, and Australia.

Soviet whaling ships in Antarctica? Yes. They've been whaling down there since Korea and 1950. Only whaling, Mr. Speaker?

In 1946, the Soviets had over 200 weather stations in the Arctic. We had none. We have nothing in Antarctica today, Mr. Speaker. What have the Soviets there? How do we know? I say we can't afford to wait for that $13 million expedition to come off in 1957 before the people of the United States find out the situation in Antarctica.

The time is now, Mr. Speaker. The Congress cannot flinch. Neither can the Bureau of the Budget nor the White House, nor the Senate.

The Soviets are not asleep. Why should we be? Let us go. Now. In 1954 to Antarctica. The continent is ours for less than a million.

More soon on this situation, Mr. Speaker.

Federal Pay Legislation

EXTENSION OF REMARKS
OF
HON. BOB WILSON
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. WILSON of California. Mr. Speaker, as the 83d Congress approaches adjournment, I fervently hope we can take action to grant a pay increase to the service men and women, along with the anticipated increase for postal workers and classified civil-service employees. I am currently exploring the possibility of amending the civil-service pay legislation to include the military as well. Equity demands that the largest group of Government employees, the men and women of the armed services, be accorded an adjustment in their pay status.

There can be no question that inadequate compensation is the main contributing factor to the increasing resignations of career servicemen, who simply cannot make ends meet. I have made an extended study of this problem over the past 18 months, and the obvious conclusion is that the career serviceman is a victim of an inflationary spiral that squeezed him as it flattened out. The last military pay raise, in 1949, according to many servicemen, actually resulted in a decrease of from $4 to $12 per month in take-home pay because of adjustments and tax changes made concurrently. The increased cost of living since then is well known to us all.

Certainly the Department of Defense is aware of the need for an adjustment at this time. Air Force Secretary Talbott has made many public statements to that effect, as has Assistant Secretary of Defense for Manpower, Dr. John Hannah, and many others.

It has been publicly stated that the Secretary of Defense would press for an increase this session, if classified civil-service workers get an increase. Substantial testimony has been gathered to prove the need for a pay increase for classified workers. As a result of the urgings of the Civil Service Commission and many Congressmen, there is every likelihood of positive action in the next few weeks, which will result in an increase for classified Federal employees and postal workers, too.

Recent testimony before the Senate Appropriations Committee by Defense Comptroller, W. J. McNeil, showed a parallel between military and civil-service pay. While there are intimations that the comparisons were unfairly drawn, if we accept them as accurate, we must also accept the fact that an increase in civil-service pay this year will create still another gap between the comparative pay scales.

While I am on this subject, I want to correct a mistaken impression I may have created by inserting an editorial from the July 3 issue of Army Times in the Appendix of the daily RECORD. The editorial discussed the pay issue, and, by inference, suggested that the distinguished Member of the other body, Senator HOMER FERGUSON, Republican, of Michigan, concurred with the attitude of Defense Comptroller McNeill in opposing a pay increase. I did not intend to give the impression that the distinguished Senator agreed with Mr. McNeil. As a matter of fact, he has proved to be a true friend of servicemen during his years of exemplary service in the Senate, and I am happy to state publicly that no criticism of his actions was intended.

On the matter of a pay increase, it seems to me that the Defense Department and Congress should take immediate action to correct these inequities, and to bring the serviceman and his family into the proper economic level in our normal economy.

I have made no effort to stress the importance of maintaining career service personnel. The Womble Commission, Dr. Hannah and many others, have admirably recorded the losses our country and its defensive strength have suffered and will suffer under a continuation of present policy, unless decisive action is taken immediately.

The House will soon be voting on a reenlisment-bonus bill which has already passed the Senate. While in the main this bill has many features that will help solve the reenlistment program, it is by no means the answer to it. It is not a substitute for a pay raise. For one thing,

it favors the first- and second-term reenlistments, but does little to improve the economic status of those who have decided to make the military a career and who have already served from 8 to 15 years. It offers nothing to the experienced sergeants and chiefs and the junior officers so vital to our defense setup.

I have tried in many ways to call to the attention of my colleagues the plight of the services today. The need is obvious. Perhaps the best statement that I have seen on the subject is the body of a petition, written and circulated by two Navy wives. Over 500 of these individual petitions have been received by my office and have been forwarded to the proper officials in the Defense Department. In my opinion, this petition is an eloquent challenge to us for action now.

Under unanimous consent, I include this in the RECORD:

GIVE US A CHANCE TO STAY IN THE NAVY

When our husbands joined the Navy they felt there was no better career than in the service of their country.

When we married Navy men we accepted the inherent disadvantages of Navy life; frequent moves, long separations, added responsibility a Navy wife must assume, etc. We were proud of our country, and wanted to instill in our children the same love and devotion.

However, we did expect that after 10, 15, or 20 years of service our husbands would receive sufficient pay for us to maintain at least a decent standard of living and to give our children a few of the advantages a competent civilian could secure for his children.

Over the past several years, the rising cost of living, plus constant reduction of benefits we were promised, plus the lack of any real pay raise, has made a Navy career a choice between serving our country and providing for our children. We can no longer do both.

We respectfully request that you do all in your power to secure the pay raise which is now before Congress, so that more husbands are not forced to make the choice between service to his country and the welfare of his own family.

SENATE

TUESDAY, JULY 13, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O merciful God, who alone can fill our life with holy purpose, at the beginning of this new day we beseech Thee that all its hours may be hallowed by tasks that are faced with a sense of Thy presence. From this altar of supplication we would go refreshed and empowered to dedicate our labor for that which is just and true. To serve the present age, we would give the best that is in us against the wrong that needs to be resisted and for the right that needs our assistance.

Teach us this day to enthrone wisdom upon our tongues and kindness within our hearts. And now, as problems having to do with the welfare of our Nation and of other nations fill to the brim the hours of this day, give us a joy in service that is independent of time or place and outward circumstances. So by Thy might shall we be garrisoned with fortitude and strengthened with courage: In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 12, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on July 10, 1954, the President had approved and signed the act (S. 2475) to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. THYE. Mr. President, I ask unanimous consent that the Subcommittee on Rules of the Committee on Rules and Administration may be permitted to meet this afternoon during the session of the Senate.

Mr. JOHNSON of Texas. Mr. President, has the Senator from Minnesota consulted with the minority leadership with respect to this request?

Mr. THYE. No.

Mr. JOHNSON of Texas. I object.

The VICE PRESIDENT. Objection is heard.

Mr. THYE subsequently said: Mr. President, I ask unanimous consent that a Subcommittee of the Committee on Rules and Administration be authorized to sit this afternoon during the session of the Senate. This meeting has been cleared with the minority leader.

The VICE PRESIDENT. Without objection, it is so ordered.

On request of Mr. KNOWLAND, and by unanimous consent, the Subcommittee on Education of the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Morse
Bridges	Hill	Murray
Burke	Johnson, Colo.	Neely
Butler	Johnson, Tex.	Pastore
Crippa	Johnston, S. C.	Payne
Ervin	Knowland	Robertson
Flanders	Lehman	Saltonstall
Gillette	Lennon	Stennis
Goldwater	Mansfield	Thye
Gore	Monroney	

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Michigan [Mr. POTTER] are necessarily absent. The junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

The VICE PRESIDENT. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mrs. BOWRING, Mr. BRICKER, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DWORSHAK, Mr. FERGUSON, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. KEFAUVER, Mr. KENNEDY, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MILLIKIN, Mr. MUNDT, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SCHOEPPEL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, Mr. WILEY, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

Routine business is now in order.